NEW ISSUE **See "BOND RATINGS" herein**
BOOK-ENTRY ONLY

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2009E Bonds (consisting solely of original issue discount) is excluded from gross income for federal income tax purposes, except as described herein, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The interest on the Series 2009E Bonds is exempt from income taxation by the State of Missouri. The Series 2009E Bonds are not "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See the caption "TAX MATTERS" in this Official Statement.

$53,236,703.55
original principal amount
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
(PERFORMING ARTS CENTER GARAGE PROJECT)
SERIES 2009E
(Capital Appreciation Bonds)

Dated Date, Maturities, Original Principal Amounts, Maturity Amounts, Interest Rates, Prices, Yields and CUSIP Numbers are shown on the Inside Cover Page

The Special Obligation Bonds (Performing Arts Center Garage Project) Series 2009E (the "Series 2009E Bonds") are being issued by the City of Kansas City, Missouri (the "City" or the "Issuer") pursuant to a Trust Indenture, dated as of July 1, 2009 (the "Bond Indenture"), between the Issuer and First Bank of Missouri, Gladstone, Missouri, as trustee (the "Bond Trustee"). The Series 2009E Bonds are being issued for the purpose of providing funds to (i) finance a portion of the costs related to the Project (as defined herein), (ii) fund a debt service reserve fund for the Series 2009E Bonds, and (iii) pay certain costs related to the issuance of the Series 2009E Bonds.

The Series 2009E Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Series 2009E Bond proceeds or the income from the temporary investment thereof solely out of Appropriated Moneys (as defined herein) and moneys in the funds and accounts held by the Bond Trustee under the Bond Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Bond Trustee and in favor of the owners of the Series 2009E Bonds, as provided in the Bond Indenture. The Series 2009E Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Bond Indenture. The issuance of the Series 2009E Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

The Series 2009E Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2009E Bonds. Purchases of beneficial interests in the Series 2009E Bonds will be made in book-entry only form, in denominations of $5,000 Maturity Amount and or integral multiple in excess thereof. So long as Cede & Co. is the registered owner of the Series 2009E Bonds, purchasers of beneficial interests ("Beneficial Owners") will not receive certificates representing their interests in the Series 2009E Bonds, payments of the principal of, premium, if any, and interest on the Series 2009E Bonds will be made directly to DTC or Cede & Co., and references herein to the owners of the Series 2009E Bonds shall mean Cede & Co. See the caption "BOOK-ENTRY ONLY SYSTEM" in this Official Statement.

Maturity Amounts for the Series 2009E Bonds will be payable on the dates set forth on the inside cover page of this Official Statement. The Series 2009E Bonds will accrete in value from their delivery date and the Accreted Value will compound semiannually on February 1 and August 1 of each ear, beginning August 1, 2009

The Series 2009E Bonds are not subject to redemption prior to maturity.

Investment in the Series 2009E Bonds is subject to certain risks. See the caption "INVESTMENT CONSIDERATIONS AND RISKS" in this Official Statement.

The Series 2009E Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriters, subject to the approval of legality by Bryan Cave LLP, Kansas City, Missouri, Bond Counsel. Certain tax matters will be passed upon by Gilmore & Bell, P.C., Special Tax Counsel, and certain legal matters will be passed upon for the Issuer by the City Attorney and its disclosure counsel, Bryan Cave LLP, Kansas City, Missouri. It is expected that the Series 2009E Bonds will be available for delivery through the facilities of DTC on or about July 21, 2009.

Oppenheimer & Co. Inc.

RBC Capital Markets Corporation **Valdés & Moreno, Inc.**

July 10, 2009

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIP NUMBERS

$53,236,703.55
original principal amount
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
(PERFORMING ARTS CENTER GARAGE PROJECT)
SERIES 2009E
(Capital Appreciation Bonds)

Dated: Date of Delivery

Maturity Date (February 1)	Original Principal Amount	Maturity Amount	Interest Rate	Price	Yield	CUSIP Numbers[1]
2011	$ 934,998.40	$ 980,000.00	3.100%	95.408%	3.100%	485106DC9
2012	1,781,075.20	1,940,000.00	3.410	91.808	3.410	485106DD7
2013	2,707,591.05	3,105,000.00	3.920	87.201	3.920	485106DE5
2014	118,801.40	145,000.00	4.450	81.932	4.450	485106DF2
2015	96,377.50	125,000.00	4.760	77.102	4.760	485106DG0
2016	75,822.60	105,000.00	5.050	72.212	5.050	485106DH8
2017	205,271.10	305,000.00	5.330	67.302	5.330	485106DJ4
2018	5,513,927.80	8,780,000.00	5.530	62.801	5.530	485106DK1
2019	5,142,563.30	8,785,000.00	5.700	58.538	5.700	485106DL9
2020	4,633,384.70	8,785,000.00	6.170	52.742	6.170	485106DM7
2021	4,304,550.90	8,790,000.00	6.290	48.971	6.290	485106DN5
2022	3,994,689.00	8,795,000.00	6.400	45.420	6.400	485106DP0
2023	3,984,904.30	9,455,000.00	6.490	42.146	6.490	485106DQ8
2024	3,691,326.55	9,455,000.00	6.580	39.041	6.580	485106DR6
2025	3,411,639.00	9,450,000.00	6.670	36.102	6.670	485106DS4
2026	3,164,427.00	9,450,000.00	6.730	33.486	6.730	485106DT2
2027	2,921,845.50	9,450,000.00	6.810	30.919	6.810	485106DU9
2028	2,684,083.50	9,450,000.00	6.910	28.403	6.910	485106DV7
2029	3,869,424.75	14,775,000.00	6.980	26.189	6.980	485106DW5

[1] CUSIP Numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bondowners. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriters or by any person to give any information or to make any representation with respect to the Series 2009E Bonds offered hereby, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any offer, solicitation or sale of the Series 2009E Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not so expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009E BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2009E BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE SERIES 2009E BONDS ARE BEING OFFERED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2009E BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT, ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement will be posted on the internet website of Financial Printing Resource, Inc. located at http://www.fpr.net. Information in this Official Statement can be relied upon only if downloaded in its entirety from such website or if obtained in original, bound format.

CITY OF KANSAS CITY, MISSOURI
City Hall
414 East 12th Street
Kansas City, Missouri 64106

ELECTED OFFICIALS

MAYOR
Mark Funkhouser

CITY COUNCIL MEMBERS

Council Members-at-Large

District 1	Deb Hermann
District 2	Ed Ford
District 3	Melba Curls
District 4	Beth Gottstein
District 5	Cindy Circo
District 6	Cathy Jolly

District Council Members

District 1	Bill Skaggs
District 2	Russ Johnson
District 3	Sharon Sanders Brooks
District 4	Jan Marcason
District 5	Terry Riley
District 6	John A. Sharp

CITY ADMINISTRATIVE OFFICIALS

CITY MANAGER
Wayne A. Cauthen

CITY ATTORNEY
Galen Beaufort, Esq.

DIRECTOR OF FINANCE
Jeffrey A. Yates

CITY CLERK
Vickie Thompson

LEGAL COUNSEL

BOND COUNSEL

Bryan Cave LLP
Kansas City, Missouri

SPECIAL TAX COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

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OFFICIAL STATEMENT

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original principal amount
CITY OF KANSAS CITY, MISSOURI
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(PERFORMING ARTS CENTER GARAGE PROJECT)
SERIES 2009E
(Capital Appreciation Bonds)

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and the Appendices, must be considered in its entirety. The offering of the Series 2009E Bonds to potential investors is made only by means of the entire Official Statement.

For definitions of certain capitalized terms used herein and not otherwise defined, see ***Appendix B*** *to this Official Statement.*

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (i) the City of Kansas City, Missouri (the "**Issuer**" or the "**City**"), (ii) the Issuer's Special Obligation Bonds (Performing Arts Center Garage Project) Series 2009E (Capital Appreciation Bonds) in the original principal amount of $53,236,703.55 (the "**Series 2009E Bonds**"), and (iii) the Project (as defined under the caption "**PLAN OF FINANCING – The Project**" in this Official Statement), which shall be funded in part with the proceeds of the Series 2009E Bonds.

The Issuer

The Issuer is a constitutional home rule city and political subdivision established under the laws of the State of Missouri. The Issuer incorporated on June 3, 1850. See the caption "**THE ISSUER**" in this Official Statement and **Appendix C** to this Official Statement for additional information relating to the Issuer.

The Bonds are not a general obligation of the Issuer and are payable solely from the revenues described in this Official Statement. The information regarding the Issuer contained in **Appendix C** should not be construed as an indication that the Bonds are payable from any source other than such revenues as described in this Official Statement. See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" in this Official Statement.

The Series 2009E Bonds

The Issuer will issue the Series 2009E Bonds pursuant to a Trust Indenture, dated as of July 1, 2009 (the "**Bond Indenture**"), between the Issuer and First Bank of Missouri, Gladstone, Missouri (the "**Bond Trustee**") for the purpose of providing funds to (i) finance certain costs relating to the Project, (ii) fund a debt service reserve fund for the Series 2009E Bonds, and (iii) pay costs related to the issuance of the Series 2009E Bonds. See the caption "**PLAN OF FINANCING**" in this Official Statement for a description of the application of the proceeds of the Series 2009E Bonds and the Project.

A description of the Series 2009E Bonds is contained under the caption "**THE SERIES 2009E BONDS**" in this Official Statement. All references to the Series 2009E Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Bond Indenture.

The Series 2009E Bonds are subject to redemption prior to maturity as described under the caption "**THE SERIES 2009E BONDS – Redemption Provisions**" in this Official Statement.

The Series 2009E Bonds are payable only from the Appropriated Moneys and such other sources as described under the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" in this Official Statement.

Security and Sources of Payment for the Bonds

The Series 2009E Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Series 2009E Bond proceeds or the income from the temporary investment thereof) solely out of Appropriated Moneys and moneys in the funds and accounts held by the Bond Trustee under the Bond Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Bond Trustee and in favor of the owners of the Series 2009E Bonds, as provided in the Bond Indenture. The Series 2009E Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Bond Indenture. The issuance of the Series 2009E Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

The "**Trust Estate**" consists of (i) all Appropriated Moneys (as herein defined); and (ii) all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the Bonds; and (iii) all other moneys and securities from time to time held by the Bond Trustee under the terms of the Bond Indenture (excluding amounts held in the Rebate Fund, as hereinafter defined), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Bond Indenture by the Issuer, or by anyone in its behalf or with its written consent, to the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof. Payment of principal and interest on the Series 2009E Bonds may be made from any funds of the Issuer legally available for such purpose.

See caption "**SECURITY AND SOURCES OF PAYMENTS OF THE BONDS – Limited Obligations**" in this Official Statement.

Debt Service Reserve Fund

The Bond Indenture provides for the establishment of a Debt Service Reserve Fund for the Series 2009E Bonds, which will be funded from proceeds of the Series 2009E Bonds in an amount equal to $5,323,670.36 (the "**Reserve Fund Requirement**"). See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Debt Service Reserve Fund**" in this Official Statement.

Investment Considerations and Risks

Purchase of the Bonds will constitute an investment subject to significant risks, including the risk of nonpayment of principal and interest and the loss of all or part of the investment. There can be no assurance that the Issuer will annually appropriate the Appropriated Moneys in the future. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, confer with their own legal and financial advisors and be able to bear the risk of loss of their investment in the Bonds before considering a purchase of the Bonds. See the caption "**INVESTMENT CONSIDERATIONS AND RISKS**" in this Official Statement.

Financial Statements

Audited financial statements of the Issuer, as of and for the fiscal year ended April 30, 2008, are included in **Appendix A** to this Official Statement. The audited financial statements have been audited by a firm of independent certified public accountants, to the extent and for the periods indicated in the report of such firm, which is also included in **Appendix A**. See the caption "**FINANCIAL STATEMENTS**" in this Official Statement.

Continuing Disclosure

In connection with the issuance of the Series 2009E Bonds, the Issuer will enter into a Continuing Disclosure Undertaking and agree to provide continuing disclosure information as required by Rule 15c2-12 of the Securities and Exchange Commission at the conclusion of each fiscal year of the Issuer, unless otherwise provided in the Continuing Disclosure Undertaking. See **Appendix F** to this Official Statement for the form of the Continuing Disclosure Undertaking.

Bond Ratings

The Issuer is expected to receive ratings on the Series 2009E Bonds as set forth under the caption "**BOND RATINGS**" in this Official Statement.

Definitions, Summaries of Documents and Additional Information

Definitions of certain words and terms used in this Official Statement and summaries of certain Transaction Documents are included in this Official Statement in **Appendix B** to this Official Statement. Such definitions and summaries do not purport to be comprehensive or definitive. **Appendix D** to this Official Statement contains the proposed form of opinion which is anticipated to be rendered by Bond Counsel at the time of delivery of the Bonds. **Appendix E** to this Official Statement contains the proposed form of opinion which is anticipated to be rendered by Special Tax Counsel at the time of delivery of the Bonds.

Miscellaneous

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Additional information with respect to this Official Statement and the Bonds may be obtained from First Southwest Company, 325 North St. Paul Street, Suite 800, Dallas, Texas 75201, or from Moody Reid Financial Advisors, 4901 Main Street, Suite 200, Kansas City, Missouri 64112.

THE ISSUER

In General

The Issuer was incorporated on June 3, 1850. The Issuer is the central city of a 15-county Metropolitan Statistical Area (MSA), which includes Bates, Caldwell, Cass, Clay, Jackson, Platte, Clinton, Lafayette and Ray counties in the State of Missouri and Johnson, Franklin, Linn, Wyandotte, Leavenworth and Miami counties in the State of Kansas., and is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-35 and I-70. The Issuer had a population of 484,520, according to the Issuer's Planning and Development Department's 2009 estimate. The Kansas City MSA had a population of 2,022,631 according to the Issuer's Planning and Development Department's 2009 estimate. See

"**APPENDIX C: INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI**" and "**APPENDIX A: AUDITED FINANCIAL STATEMENTS OF THE CITY OF KANSAS CITY, MISSOURI**" to this Official Statement.

The Bonds are not a general obligation of the Issuer and are payable solely from the Appropriated Funds described in this Official Statement. The information regarding the Issuer contained in **Appendix C** should not be construed as an indication that the Bonds are payable from any source other than such Appropriated Moneys as described in this Official Statement. See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" in this Official Statement.

Anticipated Future Financings

The Issuer anticipates that in the next few months it may issue additional obligations that will be secured, in part, by the Issuer's annual appropriation. Such additional issuances may include (i) an approximately $5,000,000 issuance to finance costs related to the second phase of improvements within downtown Kansas City, Missouri in connection with the implementation of the East Village Tax Increment Financing Plan, (ii) an approximately $21,000,000 issuance to finance costs related to land acquisition and abatement for a Southtown Urban Life Shopping Center, (iii) an approximately $3,500,000 issuance reimbursing the Issuer for moneys provided to fund the debt service reserve requirements, of the Land Clearance for Redevelopment Authority of Kansas City, Missouri Improvement and Refunding Bonds, Series 2005E, substituting a surety insurance policy from Syncora Guarantee Inc., (iv) an approximately $6,500,000 issuance to finance the purchase of various vehicles for the Issuer fleet vehicle program, (v) an approximately $407,000 issuance to finance the purchase of software, hardware and implementation services for the upgrade of KIVA enterprise system software for governmental purposes, which include invoicing real estate taxes, special assessment, citizen complaints, service actions and inspections, and (vi) an approximately $1,050,000 issuance to finance the purchase of software, hardware and implementation services for a fuel management system program for the Issuer.

Recent Financings

The Issuer has completed several financings since the date of the financial statements contained in **Appendix A** to this Official Statement. Those financings are described and set forth in the financial information contained in **Appendix C** to this Official Statement.

Budget Considerations

The Issuer's City Charter requires that the City Council adopt a balanced annual budget for each fiscal year. The process for that adoption is described in Appendix C to this Official Statement under the caption "**BUDGETING, ACCOUNTING AND AUDITING PROCEDURES – Budget Process**." In connection with the review and ultimate adoption of each budget, the City Council, the Mayor and the City Manager may recommend the reduction or elimination of certain expenditures. As part of the budget review and adoption process, the Issuer may have to consider reductions in certain expenditures or programs if projected revenues do not match or exceed projected expenditures. There can be no assurances that the adopted budget for any fiscal year will contain an appropriation of moneys sufficient to pay all the Debt Service Payments and reasonably estimated Additional Payments as set forth in this Official Statement under the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Annual Appropriation**;" however, the Issuer has expressed its current intention to do so as set forth in the Indenture.

Available Information

The Issuer has entered into continuing disclosure undertakings under SEC Rule 15c2-12, under which the Issuer annually files its audited financial statements and certain other information with each nationally recognized municipal securities repository. Such financial statements and other information are available from the nationally recognized municipal securities repositories. The SEC maintains a site on the World Wide Web at http://www.sec.gov/info/municipal/nrmsir.htm, which contains a listing of the nationally recognized municipal securities repositories.

The MSRB has sought to establish a continuing disclosure service of its Electronic Municipal Market Access System ("**EMMA**"), considered the equivalent of the SEC's EDGAR system, located on the World Wide Web at http://emma.msrb.org. MSRB filed with the SEC an amendment to the continuing disclosure proposal intended to provide for a transition to EMMA's continuing disclosure service. The operational date for the continuing disclosure service has been set at July 1, 2009. Thus, beginning on July 1, 2009, filings with the MSRB may be made via EMMA. EMMA will replace the four existing nationally recognized municipal securities information repositories, as well as the Central Post Office disclosure service.

For information relating to the Issuer's continuing disclosure undertakings in connection with the issuance of the Bonds, see the caption "**CONTINUING DISCLOSURE**" in this Official Statement.

Accounting Change for Other Postemployment Benefits

In July 2004, the Governmental Accounting Standards Board ("**GASB**") issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Specifically, the Issuer is required to measure and disclose an amount for annual OPEB cost on the accrual basis for health benefits that will be provided to retired employees in future years. The disclosure requirement for the Issuer began with the fiscal year ending April 30, 2008.

The Issuer's aggregate actuarial accrued liability (including police uniformed and civilian) is $181,732,457 and the corresponding annual required contribution (ARC) is $18,172,240. The general government's actuarial accrued OPEB liability and ARC are $119,131,619 and $12,688,865, respectively. For financial reporting purposes, the aggregate actuarial accrued OPEB liability and ARC (excluding police uniformed and civilian) will be apportioned to both governmental and business-type activities (*i.e.*, aviation, water, sewer, storm water and wastewater).

PLAN OF FINANCING

Purpose of the Series 2009E Bonds

The Issuer will issue the Series 2009E Bonds pursuant to the Bond Indenture for the purpose of providing funds to (i) pay for certain Project Costs incurred or to be incurred in connection with the Project (as described below), (ii) fund a debt service reserve fund for the Series 2009E Bonds (the "**Debt Service Reserve Fund**"), and (iii) pay the Costs of Issuance of the Series 2009E Bonds.

The Project

The Issuer has entered into a Cooperative Agreement for Design and Construction, dated as of June 12, 2008 (as amended, the "**Cooperative Agreement**"), with the Performing Arts Community Improvement District, a political subdivision of the State of Missouri (the "**CID**"), Kauffman Center for the Performing Arts (formerly known as The Metropolitan Kansas City Performing Arts Center), a Missouri nonprofit corporation (the "**KCPA**"), and PAC Holdings, Inc., a Missouri nonprofit corporation ("**PAC**"), for the purpose of setting forth each parties respective obligations with respect to the construction, operation and maintenance of an approximately 1,000 space, four level underground parking garage, including a green space/park area on the roof (the "**Parking Garage**") adjacent to the performing arts center being constructed in Kansas City, Missouri in an area bounded by 16th Street on the north, Wyandotte Street on the east, 17th Street on the south and Broadway Boulevard on the west (the "**Performing Arts Center**"). The acquisition, construction and equipping of the Parking Garage, together with the certain streetscape and other municipal improvements relating to the construction of the Performing Arts Center and the Parking Garage is referred to in this Official Statement as the "**Project**."

Sources and Uses of the Series 2009E Bond Proceeds

Following is a summary of the anticipated sources and uses of funds in connection with the issuance of the Series 2009E Bonds, exclusive of accrued interest, if any:

Estimated Sources of Funds:	
Par Amount of Series 2009E Bonds	$ 53,236,703.55
Total Sources	$ 53,236,703.55
Estimated Uses of Funds:	
Deposit to Project Account of the Project Fund	$ 47,034,000.00
Deposit to the Debt Service Reserve Fund	5,323,670.36
Costs of Issuance (including underwriters' discount)	879,033.19
Total Uses	$ 53,236,703.55

THE SERIES 2009E BONDS

In General

The Series 2009E Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri. The Series 2009E Bonds will be issuable as fully registered bonds, without coupons, in denominations of $5,000 and any integral multiple thereof. The Series 2009E Bonds will be dated as of the date of initial issuance and delivery thereof.

The Series 2009E Bonds will mature on the date and in the original principal amount set forth on the inside cover page of this Official Statement, subject to redemption and payment prior to maturity as described herein. The Series 2009E Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Payment of the premium, if any, and interest on each Series 2009E Bond will be made, and notices and other communications to the Bondowners will be given, directly to DTC or its nominee, Cede & Co., by the Bond Trustee. In the event the Series 2009E Bonds are not in a book-entry only system, payment of the principal of, premium, if any, and interest on the Series 2009E Bonds will be made and such notices and communications will be given as described in the Bond Indenture, as the case may be. See the caption "**BOOK-ENTRY ONLY SYSTEM**" in this Official Statement.

The Series 2009E Bonds will accrue interest from the date of initial issuance and delivery thereof and at the rates per annum specified on the inside cover page to this Official Statement (which are the rates per annum which, when applied to the original principal amount per $5,000 Maturity Amount and compounded semiannually, produce a total of $5,000 principal and interest at maturity) and shall mature on the dates and in the Maturity Amounts set forth on the inside cover page to this Official Statement. The Series 2009E Bonds will be payable at maturity in the amounts determined by reference to the Table of Accreted Values set forth in the Indenture and as set forth as **Appendix G** to this Official Statement. Interest on the Series 2009E Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

No Redemption Prior to Maturity

The Series 2009E Bonds are not subject to redemption and payment prior to maturity.

Additional Bonds Issued on Parity with Series 2009E Bonds

Additional Bonds may be issued under and equally and ratably secured by the Bond Indenture on a parity (except as otherwise provided in the Bond Indenture) with the Series 2009E Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Bond Indenture. The Series 2009E and any Additional Bonds issued under the Bond Indenture are referred to collectively as the "**Bonds**."

Before any Additional Bonds are issued under the provisions of the Bond Indenture, the Issuer shall pass an Ordinance (i) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (ii) authorizing the Issuer to enter into a Supplemental Bond Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of bonds and the form of the bonds of such series, and (iii) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Series 2009E Bonds previously issued.

Registration, Transfer and Exchange

Series 2009E Bonds may be transferred or exchanged only upon the bond register maintained by the Bond Trustee. Upon surrender for transfer or exchange of any Series 2009E Bond at the principal corporate trust office of the Bond Trustee, the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2009E Bonds of the same maturity, of any authorized denominations and of a like aggregate Maturity Amount.

Every Series 2009E Bond presented or surrendered for transfer or exchange shall (if so required by the Issuer or the Bond Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Bond Trustee, as bond registrar, duly executed by the owner thereof or such owner's attorney or legal representative duly authorized in writing.

All Series 2009E Bonds surrendered upon any exchange or transfer provided for in the Bond Indenture shall be promptly cancelled by the Bond Trustee and thereafter disposed of as required by applicable law.

All Series 2009E Bonds issued upon any transfer or exchange of Series 2009E Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under the Bond Indenture, as the Series 2009E Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Series 2009E Bonds, but the Bond Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2009E Bonds, and such charge shall be paid before any such new Series 2009E Bond shall be delivered. The fees and charges of the Bond Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Issuer. In the event any registered owner fails to provide a correct taxpayer identification number to the Bond Trustee, the Bond Trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Bond Trustee from amounts otherwise payable to such registered owner under the Bonds Indenture or the Series 2009E Bonds.

The Bond Trustee shall not be required (i) to transfer or exchange any Series 2009E Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Series 2009E Bond and ending at the close of business on the day of such publication or mailing, or (ii) to transfer or exchange any Series 2009E Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such Series 2009E Bonds and ending at the close of business on the relevant interest payment date therefor.

The Person in whose name any Series 2009E Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the Bond Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Series 2009E Bond shall be made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as provided in the Bond Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2009E Bond to the extent of the sum or sums so paid.

The Bond Trustee will keep on file at its principal corporate trust office a list of the names and addresses of the last known owners of all Series 2009E Bonds and the serial numbers of such Series 2009E Bonds held by each of such owners. At reasonable times and under reasonable regulations established by the Bond Trustee, the list may be inspected and copied by the Issuer, or the owners of 10% or more in principal amount of Series 2009E Bonds Outstanding or the authorized representative thereof, provided that the ownership of such owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Bond Trustee.

Mutilated, Lost, Stolen or Destroyed Series 2009E Bonds

If (i) any mutilated Series 2009E Bond is surrendered to the Bond Trustee, or the Bond Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Series 2009E Bond, and (ii) there is delivered to the Issuer and the Bond Trustee such security or indemnity as may be required by the Bond Trustee to save the Bond Trustee and the Issuer harmless, then, in the absence of notice to the Bond Trustee that such Series 2009E Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Bond Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Series 2009E Bond, a new Series 2009E Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Series 2009E Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Series 2009E Bond, pay such Series 2009E Bond.

Upon the issuance of any new Series 2009E Bond in lieu of any destroyed, lost or stolen Series 2009E Bond, the Issuer and the Bond Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Series 2009E Bond issued in lieu of any destroyed, lost or stolen Series 2009E Bond, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Series 2009E Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of the Bond Indenture equally and ratably with all other Outstanding Series 2009E Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2009E Bonds, but neither the failure to print such numbers on the Series 2009E Bonds, nor any error in the printing of such numbers shall constitute cause for the failure or refusal by the purchaser thereof to accept delivery of and payment for any Series 2009E Bond.

BOOK-ENTRY ONLY SYSTEM

The information provided immediately below concerning DTC and the Book-Entry Only System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters or the Issuer. The Underwriters and the Issuer make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

General. Ownership interests in the Series 2009E Bonds will be available to purchasers only through a book-entry only system (the "Book-Entry Only System") maintained by The Depository Trust Company ("**DTC**"), New York, New York, which will act as securities depository for the Series 2009E Bonds. Initially, the Series 2009E Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009E Bond will be issued for each maturity listed on the cover hereof, each in the principal amount of such maturity, and will be deposited with DTC or the Bond Trustee as DTC's agent. The following discussion will not apply to any Series 2009E Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all which are registered clearing agencies. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "**Indirect Participants**" and collectively with the Direct Participants, the "**Participants**"). DTC has Standard & Poor's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and http://www.dtc.org.

Purchase of Ownership Interests. Purchases of the Series 2009E Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009E Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009E Bond (the "**Beneficial Owner**") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009E Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interest in the Series 2009E Bonds, except in the event that use of the book-entry system for the Series 2009E Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2009E Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009E Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009E Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009E Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communication by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices, if any, shall be sent to DTC. If less than all of the Series 2009E Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2009E Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the securities as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Principal and interest payments on the Series 2009E Bonds and redemption proceeds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTCs receipt of funds and corresponding detail information from the Bond Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant and not of DTC nor its nominee, the Bond Trustee or the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest and redemption proceeds, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Series 2009E Bonds at any time by giving reasonable notice to the Issuer or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2009E Bonds are required to be printed and delivered as described in the Bond Indenture.

The use of the system of book-entry transfers through DTC (or a successor securities depository) may be discontinued as described in the Bond Indenture. In that event, the Series 2009E Bonds will be printed and delivered as described in the Bond Indenture.

The information in this section concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the Issuer and the Underwriters believe to be reliable, but the Issuer and the Underwriters take no responsibility for the accuracy thereof and neither the DTC Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the *foregoing information with respect to such mutters but should instead confirm the same with Direct Participants or Indirect Participants, as the case may be.*

None of the Issuer, the Underwriters or the Bond Trustee will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2009E Bonds: (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Indenture to be given to Bondowners; or (iv) any consent given or other action taken by DTC as Bondowner.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Series 2009E Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Series 2009E Bond proceeds or the income from the temporary investment thereof) solely out of Appropriated Moneys and moneys in the funds and accounts held by the Bond Trustee under the Bond Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Bond Trustee and in favor of the owners of the Series 2009E Bonds, as provided in the Bond Indenture. The Series 2009E Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Bond Indenture. The issuance of the Series 2009E Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Pursuant to the Bond Indenture, the Issuer has pledged, as security for the payment of the Series 2009E Bonds, all of its rights and interests in the Appropriated Moneys. The Issuer further covenants in the Bond Indenture that the Issuer officer responsible for formulating the Issuer budget will be directed to include in the budget proposal submitted to the City Council in each fiscal year that the Series 2009E Bonds are outstanding a request for an appropriation of Appropriated Moneys in an amount equal to the principal of and interest on the Series 2009E Bonds during the next fiscal year of the Issuer which appropriated amount, or portion thereof, may be transferred to the Bond Trustee at the times and in the manner provided in the Bond Indenture.

The Series 2009E Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Series 2009E Bond proceeds or the income from the temporary investment thereof) solely out of Appropriated Moneys and moneys in the funds and accounts held by the Bond Trustee under the Bond Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Bond Trustee and in favor of the owners of the Series 2009E Bonds, as provided in the Bond Indenture. The Series 2009E Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Bond Indenture. The issuance of the Series 2009E Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

No recourse shall be had for the payment of the principal of or interest on any of the Series 2009E Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Bond Indenture against any past, present or future elected official of the Issuer or any trustee, officer, official, employee or agent of the Issuer, as such, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

General Municipal Revenues of the Issuer

The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Bond Indenture, moneys sufficient to pay all the principal of and interest on the Series 2009E Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Bond Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the Issuer's Fiscal Year, the Bond Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Enforceability

The remedies available upon an "event of default" under the Bond Indenture will, in many respects, be dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code or in the Bond Indenture may not be readily available or may be limited. The various legal opinions to be delivered with the Bond Indenture and the Series 2009E Bonds have been and will be qualified as to the enforceability of the various legal instruments by reference to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors.

Debt Service Reserve Fund

The Bond Indenture establishes the Debt Service Reserve Fund to be held by the Bond Trustee as additional security for the Series 2009E Bonds. The Bond Indenture provides that moneys in the Debt Service Reserve Fund be used to make up any deficiency in the Debt Service Fund with respect to the Series 2009E Bonds outstanding.

The Bond Indenture requires that the Debt Service Reserve Fund be maintained in an amount equal to the Debt Service Reserve Requirement. The Issuer will deposit to the Debt Service Reserve Fund a portion of the proceeds from the Series 2009E Bonds in an amount equal to $5,323,670.36 (the "**Debt Service Reserve Requirement**") for the Series 2009E Bonds, which will be held by the Bond Trustee. See the caption "**SUMMARY OF THE BOND INDENTURE – Debt Service Reserve Fund**" in **Appendix B** to this Official Statement.

Additional Bonds

The Bond Indenture also permits the issuance of Additional Bonds on a parity with the Series 2009E Bonds. Any such Additional Bonds, together with the Series 2009E Bonds, are collectively referred to herein as the "**Bonds**."

The Issuer is also authorized to issue bonds to finance other projects of the Issuer and may enter into separate agreements in the future for the purpose of providing financing for such additional projects.

The owners of the Series 2009E Bonds will have no claim on assets, funds or revenues of the Issuer securing such other bonds, and the owners of such other bonds will have no claim on assets, funds or revenues of the Issuer securing the Series 2009E Bonds.

Remedies of Bondholders

Remedies under the Bond Indenture available to the Bond Trustee on behalf of the Bondholders and, subject to certain conditions, to the Bondholders directly, are described in the summary of the Bond Indenture contained in **Appendix B** to this Official Statement. In addition to the remedies therein described, the Bond Trustee and, subject to certain conditions, the Bondholders directly, are entitled under the Missouri Uniform Commercial Code to all remedies as secured parties in respect of the Trust Estate, as defined in the Bond Indenture.

DEBT SERVICE SCHEDULE

The following table sets forth for each respective fiscal year, the aggregate amount required to be made available in such fiscal year for the payment of the principal of and interest on the Series 2009E Bonds.

Fiscal Year Ending April 30	Principal	Interest	Total Annual Debt Service
2010	$ 0.00	$ 0.00	$ 0.00
2011	934,998.40	45,001.60	980,000.00
2012	1,781,075.20	158,924.80	1,940,000.00
2013	2,707,591.05	397,408.95	3,105,000.00
2014	118,801.40	26,198.60	145,000.00
2015	96,377.50	28,622.50	125,000.00
2016	75,822.60	29,177.40	105,000.00
2017	205,271.10	99,728.90	305,000.00
2018	5,513,927.80	3,266,072.20	8,780,000.00
2019	5,142,563.30	3,642,436.70	8,785,000.00
2020	4,633,384.70	4,151,615.30	8,785,000.00
2021	4,304,550.90	4,485,449.10	8,790,000.00
2022	3,994,689.00	4,800,311.00	8,795,000.00
2023	3,984,904.30	5,470,095.70	9,455,000.00
2024	3,691,326.55	5,763,673.45	9,455,000.00
2025	3,411,639.00	6,038,361.00	9,450,000.00
2026	3,164,427.00	6,285,573.00	9,450,000.00
2027	2,921,845.50	6,528,154.50	9,450,000.00
2028	2,684,083.50	6,765,916.50	9,450,000.00
2029	3,869,424.75	10,905,575.25	14,775,000.00
Total	$ 53,236,703.55	$ 68,888,296.45	$ 122,125,000.00

INVESTMENT CONSIDERATIONS AND RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2009E Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2009E Bonds should analyze carefully the information contained in this Official Statement, including the appendices hereto, and additional information in the form of the complete documents summarized herein and in the appendices hereto, copies of which are available as described herein.

Nature of the Obligations

The Series 2009E Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Series 2009E Bond proceeds or the income from the temporary investment thereof) solely out of Appropriated Moneys and moneys in the funds and accounts held by the Bond Trustee under the Bond Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Bond Trustee and in favor of the owners of the Series 2009E Bonds, as provided in the Bond Indenture. The Series 2009E Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Bond Indenture. The issuance of the Series 2009E Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Non-Appropriation

The application of Appropriated Moneys to the payment of the principal of and interest on the Series 2009E Bonds is subject to annual appropriation by the Issuer. Although the Issuer has covenanted in the Bond Indenture that the appropriation of such monies will be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made by the City Council, and the City Council is not legally obligated to make any such appropriation.

Factors which may affect the willingness of the City Council to appropriate the principal of and interest on the Series 2009E Bonds include, but are not limited to, the sufficiency of legally available funds of the Issuer to make such payments and other needs of the Issuer with respect to the use of such funds for its governmental purposes.

In considering the payments of principal of and interest on the Series 2009E Bonds, the annual appropriation nature of such payments impacts their value as security for the Series 2009E Bonds. If the Issuer fails to appropriate the principal of and interest on the Series 2009E Bonds for any reason those funds will not be available for payment of the Series 2009E Bonds. The failure of the Issuer to appropriate the principal of and interest on the Series 2009E Bonds is not an Event of Default under the Bond Indenture and there is no available legal remedy to compel such appropriation. Without the appropriated funds, the Issuer would be unable to pay debt service on the Series 2009E Bonds.

Enforcement of Remedies

Enforcement of the remedies available to the Bond Trustee and the Bondowners, including those under the Bond Indenture, are in many respects dependent upon judicial action which is often subject to discretion and delay, may be limited or restricted by federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors and by application of general principles of equity and may be substantially delayed in the event of litigation or statutory remedy procedures. The various legal opinions to be delivered concurrently with the delivery of the Series 2009E Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles which shall limit the specific enforcement under laws of the State as to certain remedies; to the exercise by the United States of America of the powers delegated to it by the United States Constitution; and to the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of Missouri and its governmental bodies, in the interest of serving an important public purpose.

Risk of Taxability

For information with respect to events occurring subsequent to issuance of the Series 2009E Bonds that may require that interest on the Series 2009E Bonds be included in gross income for purposes of federal income taxation, see the caption "**TAX MATTERS**" in this Official Statement.

Risk of Audit

The Internal Revenue Service (the "**Service**") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Co-Bond Counsel cannot predict whether the Service will commence an audit of the Series 2009E Bonds. Owners of the Series 2009E Bonds are advised that, if the Service does audit the Series 2009E Bonds, under current Service procedures, at least during the early stages of an audit, the Service will treat the Issuer as the taxpayer, and the owners of the Series 2009E Bonds may have limited rights to participate in the audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2009E Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

No Mortgage on the Project

The payment of the Series 2009E Bonds is not secured by any deed of trust, mortgage or other lien on the Project or any portion thereof.

In Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2009E Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices to this Official Statement) in order to make a judgment as to whether the Series 2009E Bonds are an appropriate investment.

LITIGATION

There is no litigation, controversy or other proceeding of any kind pending or, to the Issuer's knowledge, threatened in which any matter is raised or may be raised questioning, disputing, challenging or affecting in any way the legal organization of the Issuer or its boundaries, the right or title of any of the Issuer's officers to their respective offices, the constitutionality or validity of the Series 2009E Bonds, the legality of any official act taken in connection with the execution and delivery of the Bond Indenture or the legality of any of the proceedings had or documents entered into in connection with the authorization, execution and delivery of the Bond Indenture or the issuance of the Series 2009E Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2009E Bonds by the Issuer are subject to the approving legal opinion of Bryan Cave LLP, Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Series 2009E Bonds. A copy of the proposed form of such opinion is attached as **Appendix D** to this Official Statement. Certain tax matters relating to the issuance and sale of the Series 2009E Bonds by the Issuer will be subject to the legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Special Tax Counsel. A copy of the proposed form of such opinion is attached as **Appendix E** to this Official Statement. Bond Counsel expresses no opinion as to the accuracy or sufficiency of any information contained in this Official Statement or any of the appendices to this Official Statement except for the matters appearing in the section of this Official Statement captioned "**THE SERIES 2009E BONDS**" and the matters appearing in **Appendix B** and **Appendix D** to this Official Statement. Special Tax Counsel expresses no opinion as to the accuracy or sufficiency of any information contained in this Official Statement or any of the appendices to this Official Statement except for the matters appearing in the section of this Official Statement captioned "**TAX MATTERS**" and the matters appearing in **Appendix E** to this Official Statement. Certain legal matters will be passed upon for the Issuer by the City Attorney and its disclosure counsel, Bryan Cave LLP, Kansas City, Missouri.

The legal opinions to be delivered concurrently with the delivery of the Series 2009E Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon or of the future performance of parties to such transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Opinion of Special Tax Counsel

Federal and Missouri Tax Exemption. In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law, the interest on the Series 2009E Bonds, consisting solely of original issued discount, is excludable from gross income for federal and Missouri income tax purposes. Interest on the Series 2009E Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer and KCPA comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2009E Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal and Missouri income tax purposes. The Issuer and KCPA have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2009E Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2009E Bonds.

Bank Qualification. The Series 2009E Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Original Issue Discount. In the opinion of Tax Counsel, under existing law, the original issue discount in the selling price of each Series 2009E Bond purchased in the original offering at a price less than the principal amount thereof, to the extent properly allocable to each owner of such Series 2009E Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2009E Bond over its initial offering price to the public (excluding underwriters and intermediaries) at which price a substantial amount of the Series 2009E Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner during any accrual period generally equals (i) the issue price of such Series 2009E Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such Series 2009E Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period). The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2009E Bond. Owners of any Series 2009E Bonds purchased at an original issue discount should consult with their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning such Series 2009E Bonds.

No Other Opinions. Tax Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2009E Bonds.

Other Tax Consequences

Prospective purchasers of the Series 2009E Bonds should be aware that ownership of the Series 2009E Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2009E Bonds. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2009E Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2009E Bonds, including the possible application of state, local, foreign and other tax laws.

FINANCIAL STATEMENTS

The Issuer maintains its financial records on the basis of a fiscal year, which currently ends on April 30. Set forth in **Appendix A** are the financial statements of the Issuer for the fiscal year ended April 30, 2008. Such financial statements have been examined by KPMG LLP, Kansas City, Missouri. The Issuer did not ask KPMG LLP to perform any additional work or any post-audit procedures more recently than the April 30, 2008 audit with respect thereto.

CONTINUING DISCLOSURE

The Issuer has covenanted for the benefit of the Bondowners to send certain financial information and operating data to certain information repositories annually and to provide notice to such information repositories or the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule l5c2-12, as amended (the "**Rule**"). See **Appendix F** to this Official Statement for the form of the Continuing Disclosure Undertaking.

To the best of its knowledge, the Issuer has never failed to comply in any material respect with any prior undertaking with regard to the Rule to provide annual reports or notices of material events. A failure by the Issuer to comply with such undertaking will not constitute a default on the Series 2009E Bonds (although Bond owners will have any available remedy at law or in equity). Nevertheless, a failure to provide annual reports must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2009E Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2009E Bonds and their market price.

CERTAIN RELATIONSHIPS

Bryan Cave LLP serves as bond counsel in this transaction and also represents certain of the Underwriters and the Issuer from time to time in other transactions.

Gilmore & Bell, P.C., serves as special tax counsel in this transaction and also represents the Issuer and certain of the Underwriters from time to time in other transactions.

CO-FINANCIAL ADVISORS

First Southwest Company and Moody Reid Financial Advisors were retained by the Issuer to act as Co-Financial Advisors in connection with this financing. The fees paid to the Co-Financial Advisors with respect to the sale of the Series 2009E Bonds is contingent upon the issuance and delivery of the Series 2009E Bonds. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the Issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Series 2009E Bonds are being purchased from the Issuer pursuant to the Bond Purchase Agreement between the Issuer and Oppenheimer & Co. Inc., as representative of the firms listed on the cover page of this Official Statement (the "**Underwriters**") which provides that the Series 2009E Bonds shall be purchased by the Underwriters for an aggregate purchase price of $52,624,358.68 (which is equal to the aggregate original principal amount of the Series 2009E Bonds less an underwriters' discount of $612,344.87). The Bond Purchase Agreement provides that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Issuer has agreed in the Bond Purchase Agreement to indemnify the Underwriters for certain liabilities, including certain liabilities under federal and state securities laws, to the extent permitted by applicable law.

BOND RATINGS

Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., Moody's Investors Service and Fitch, Inc. have assigned underlying long-term ratings of "AA-," "A2" and "AA-," respectively, to the Series 2009E Bonds. Such ratings reflect only the views of such rating agencies, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that either or both will not be revised, either downward or upward, or withdrawn entirely, by the rating agencies if, in their judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings may have an adverse affect on the market price of the Series 2009E Bonds.

MISCELLANEOUS

The references herein to the Bond Indenture and the Continuing Disclosure Undertaking are brief outlines of certain provisions of such documents and do not purport to be complete. Copies of such documents are on file at the offices of the Co-Financial Advisors (see the caption "**INTRODUCTION - Definitions, Summaries of Documents and Additional Information**" to this Official Statement) and following delivery of the Series 2009E Bonds will be on file at the office of the Bond Trustee.

Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer, the Underwriters and the purchasers or owners of the Series 2009E Bonds.

The agreement of the Issuer with the owners of the Series 2009E Bonds is fully set forth in the Bond Indenture, and neither any advertisement of the Series 2009E Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2009E Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Series 2009E Bonds, but neither the failure to print such numbers on any Bonds nor any error in printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Series 2009E Bonds.

The cover page and the attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

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The Issuer has reviewed the information contained herein which relates to each of them and has approved all such information for use in this Official Statement.

CITY OF KANSAS CITY, MISSOURI

By: /s/ Jeffrey A. Yates
Director of Finance

APPENDIX A

FINANCIAL STATEMENTS OF THE CITY OF KANSAS CITY, MISSOURI

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KPMG

KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City MO 64106-2162

Independent Auditors' Report

The Honorable Mayor and Members
of the City Council
Kansas City, Missouri:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kansas City, Missouri (the City), as of and for the year ended April 30, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, except for the Kansas City International Airport – Community Improvement District (KCICID). The discretely presented component unit financial statements that we did not audit represent approximately 99% of the total assets and revenues of the aggregate discretely presented component unit opinion unit. Nor did we audit the financial statements of the Police Retirement System and Civilian Employees' Retirement System (Fiduciary Funds), which represent 35% and 5%, respectively, of the assets and revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Retirement System and Civilian Employees' Retirement System and all of the aggregate discretely presented component units, except for the KCICID, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of KCCID – Charitable Fund, KCICID, MAST, Police Retirement System, and Civilian Employees' Retirement System were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kansas City, Missouri as of April 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in note 17 to the basic financial statements, the net assets of the governmental activities, as of May 1, 2007, have been restated.

As described in note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*. Also, as described in note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 31, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages A-3 through A-17 and the budgetary comparison schedule, schedules of funding progress, and schedules of condition assessments and maintenance costs on pages A-130 through A-138 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

Kansas City, Missouri
October 31, 2008

Management Discussion and Analysis

Management's Discussion and Analysis (MD&A) offers readers a narrative overview and analysis of the financial activities of the City of Kansas City, Missouri (the City) for the fiscal year ended April 30, 2008. Readers are encouraged to consider the information presented here and in the City's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2008 by $4.3 billion. Of this amount, $574.2 million is unrestricted. The unrestricted net assets of the City's governmental activities are $405.7 million and are available to meet the government's ongoing obligations. The unrestricted net assets of the City's business-type activities are $168.5 million and are available to meet the ongoing obligations of the City's water, sewer, and airports business-type activities.
- The City's total net assets increased $138.7 million in 2008. Net assets of the governmental activities grew by $57.9 million, and business-type activities increased $80.9 million. At April 30, 2008, the City's governmental funds have a combined ending fund balance of $647.9 million. The combined governmental funds' fund balance decreased $97.7 million from the prior year's ending fund balance. Approximately $298.6 million of the $647.9 million fund balance is unreserved.
- At April 30, 2008, the general fund had a fund balance of $47.6 million. There was a $9.2 million increase in the total fund balance for the year ended April 30, 2008.
- The long-term obligations of the City's governmental activities increased by $54.5 million (3.7%). The long-term obligations of the City's business-type activities increased by $12.3 million (1.6%).
- The City identified two errors in prior years' financial statements related to the reporting of capital assets that resulted in a restatement of the net assets of the governmental activities as of May 1, 2007. This restatement had no impact on the fund level financial statements. The only impact was on governmental activities reported in the government-wide financial statements. See note 17 of the notes to the basic financial statements for additional information. The 2006-2007 amounts provided in this management's discussion and analysis have been restated to reflect the impact of correcting these errors.

Overview of the Financial Statements

This MD&A is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. The report contains other supplementary information in addition to the financial statements.

(Continued)

Government-Wide Financial Statements

The *government-wide financial statements* provide readers with a broad overview of the City's finances.

The *statement of net assets* presents information concerning the City's assets and liabilities; the difference between the two is reported as *net assets*. Increases and decreases in net assets serve as an indicator of the City's financial position.

The *statement of activities* presents information displaying how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish the functions of the City principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public works, codes, convention, sanitation, public safety (police, fire and municipal courts), neighborhood development, health, and culture and recreation. The business-type activities of the City include four enterprise activities: a water system, a sanitary sewer system, a garage, and aviation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but include the Port Authority, Land Clearance for Redevelopment Authority, Economic Development Corporation, Kansas City Corporation for Industrial Development (KCCID) – Charitable Trust, Maintenance Reserve Corporation, Performing Arts Community Improvement District, Tax Increment Financing Commission, American Jazz Museum, Kansas City Board of Police Commissioners, Kansas City International (KCI) Airport Community Improvement District, Downtown Economic Stimulus Authority of Kansas City, Missouri and Metropolitan Ambulance Service Trust. Financial information for these *discretely presented component units* is reported separately from the financial information presented for the primary government. Complete financial statements of these component units, which include their MD&A, may be obtained from their respective administration offices.

In addition, the financial statements include the Kansas City Municipal Assistance Corporation (KCMAC) and the Police and Civilian Retirement Systems as blended component units.

The government-wide financial statements are on pages A-18 to A-20.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are divided amongst three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information is useful to evaluate a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers will better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation facilitating the comparison between *governmental funds* and *governmental activities*.

The City maintains 126 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered major funds. Data from the other governmental funds is combined into a single, aggregated presentation.

The governmental funds financial statements are on pages A-21 to A-24.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer (including storm water), airport special facilities, and airports operations. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions including, storerooms and duplicating, information technology services, and cumulative insurance reserves. The services provided by these funds predominantly benefit the governmental rather than the business-type functions and they are included within *governmental activities* in the government-wide financial statements shown in this report. The City has decided to discontinue the use of internal service funds and their assets and liabilities have been merged into the general fund as of April 30, 2008. Beginning May 1, 2008 all activity previously accounted for in the internal service funds will be included in the general fund or government wide statements as appropriate.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, sewer fund (including storm water and sanitary sewer), airports fund, which are major funds of the City. The nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. In addition, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary fund financial statements are on pages A-25 to A-28.

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Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City uses fiduciary funds to account for the retirement plans for regular employees, firefighters, police officers, and civilian employees of the police department, funds held for employee memorials, municipal correctional facility inmate canteen operations, special deposits, municipal court appearance bonds, police department grants, and payroll and insurance benefits.

The fiduciary fund financial statements are on pages A-29 to A-30.

Discretely Presented Component Units

The discretely presented component unit financial statements provide separate information for the Land Clearance for Redevelopment Authority, Tax Increment Financing Commission and the Police Department. The remaining discretely presented component units are aggregated and presented in a single column.

The discretely presented component unit statements are on pages A-31 to A-32.

Notes to the Basic Financial Statements

The *notes* provide additional information essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are on pages A-33 to A-129.

Other Information

In addition to the financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance, progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and condition assessments on infrastructure assets accounted for using the modified approach. Required supplementary information is on pages A-130 to A-138.

The City uses the modified approach when accounting for street surfacing, bridges/culverts, and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, retaining walls, traffic signals, signage, and guardrails. The City began reporting street surfacing, bridges/culverts, and street lighting retroactively with the fiscal year ending April 30, 2003, curbs and sidewalks retroactively with the fiscal year ending April 30, 2006, and traffic signals, guardrails, and signage retroactively with the fiscal year ending April 30, 2007. Originally, retaining walls were considered reportable; however, once the retaining walls were inventoried, it was determined that most belong to adjoining property owners. Those that do belong to the City are reported with street surfacing.

Government-Wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of the results of the City's operations. The City's assets exceeded liabilities by $4.3 billion at the close of the most recent fiscal year. At the end of the prior fiscal year, assets exceeded liabilities by $4.2 billion indicating that the government maintained its financial position. Governmental activities assets (exceeding liabilities) increased by $57.9 million (from $2.75 billion to

$2.81 billion) and business-type activities' assets (exceeding liabilities) increased by $80.9 million (from $1.44 billion to $1.53 billion).

The largest portion of the City's net assets (83%) consists of its investment in capital assets (for example, land, buildings, land improvements, monuments and fountains, machinery and equipment, and infrastructure); less related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay debt will be provided from other sources, because capital assets cannot be used to liquidate these liabilities.

Net Assets
(In thousands)

	Governmental activities		Business-type activities		Total	
	2007–08	2006–07 (Restated)	2007–08	2006–07	2007–08	2006–07 (Restated)
Current and other assets	$ 881,008	979,830	442252	424,812	1,323,260	1,404,642
Capital assets	3,646,589	3,440,860	1,925,509	1,847,014	5,572,098	5,287,874
Total assets	4,527,597	4,420,690	2,367,761	2,271,826	6,895,358	6,692,516
Long-term liabilities outstanding	1,540,469	1,486,012	799,007	786,687	2,339,476	2,272,699
Other liabilities	177,919	183,320	43,334	40,588	221,253	223,908
Total liabilities	1,718,388	1,669,332	842,341	827,275	2,560,729	2,496,607
Net assets	$ 2,809,209	2,751,358	1,525,420	1,444,551	4,334,629	4,195,909
Invested in capital assets, net of related debt	$ 2,331,180	2,322,985	1,260,120	1,183,082	3,591,300	3,506,067
Restricted	72,318	93,380	96,761	81,038	169,079	174,418
Unrestricted	405,711	334,993	168,539	180,431	574,250	515,424
Total net assets	$ 2,809,209	2,751,358	1,525,420	1,444,551	4,334,629	4,195,909

As previously described, the fiscal year 2006-2007 information in the above table has been restated. Please refer to note 17 for additional information.

An additional portion of the City's net asset (3.9%) represents resources subject to external restrictions as to how they may be used. The remaining balance of *unrestricted net assets* ($574.2 million) is available to meet the government's ongoing obligations to citizens and creditors. It is important to note that, although the total unrestricted net assets is $574.2 million, the net assets of the City's business-type activities ($168.5 million) are not available to fund governmental activities. Total net assets of the City increased from FY 2007 to FY 2008 by $138.7 million or 3.3% due to the continued investment in capital assets

Governmental Activities

The primary government realized $1.4 billion of revenues and $1.3 billion of expenses for fiscal year 2008. Governmental activities realized $1.0 billion of revenues and $1.0 billion of expenses. The amount of beginning net assets was restated upward for a net cumulative amount of $146.6 million as of April 30, 2007. This restatement also affected net assets as of April 30, 2006 in the amount of $62.0 million. The restatement reflects the net adjustments for capital assets not fully capitalized and others not depreciated in prior years.

Business-Type Activities

Business-type activities had increases in net assets of $80.9 million, accounting for 58.3% of the total government's increase in net assets. The increase in net assets was attributable in large part to the capital improvement programs of the Water Department for improvements and extensions to water and sewer lines, and capital grant revenue received by the Aviation Department.

Components of the increase/decrease are as follows:

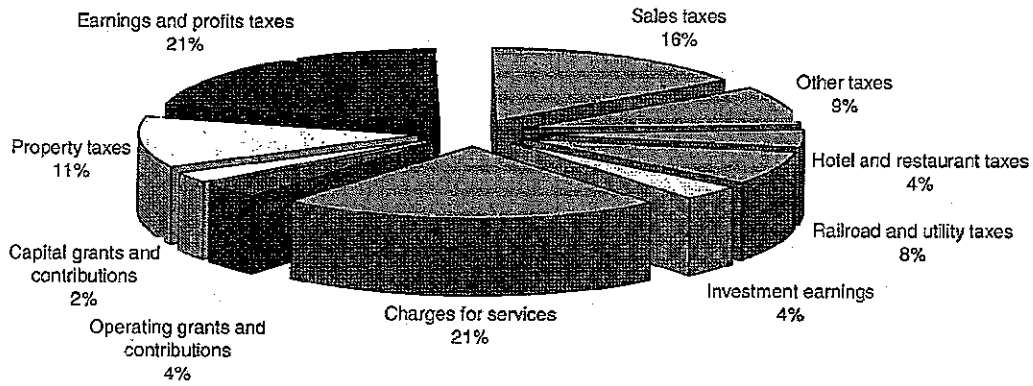
Changes in Net Assets

(In thousands)

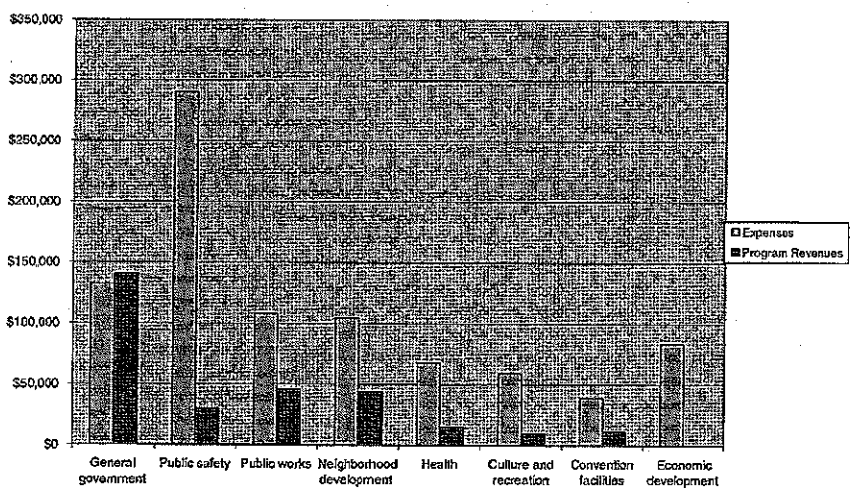
	Governmental activities		Business-type activities		Total	
	2007 – 08	2006 – 07 (Restated)	2007 – 08	2006 – 07	2007 – 08	2006 – 07 (Restated)
Revenues:						
Program revenues:						
Charges for services	$ 233,118	206,279	299,850	286,530	532,968	492,809
Operating grants and contributions	38,297	36,480	185	168	38,482	36,648
Capital grants and contributions	25,450	47,685	33,753	42,024	59,203	89,709
General revenues:						
Property taxes	120,140	107,562	—	—	120,140	107,562
Earnings and profits taxes	219,168	287,504	—	—	219,168	287,504
Sales taxes	163,913	92,368	—	—	163,913	92,368
Local option use taxes	30,534	30,030	—	—	30,534	30,030
Hotel and restaurant taxes	38,603	34,877	—	—	38,603	34,877
Gaming taxes	17,552	18,856	—	—	17,552	18,856
Railroad and utility taxes	79,948	77,880	—	—	79,948	77,880
Cigarette taxes	1,529	1,645	—	—	1,529	1,645
PILOTS and business licenses	40,801	29,320	—	—	40,801	29,320
Investment earnings	37,505	47,812	22,355	19,476	59,860	67,288
Total revenues	1,046,558	1,018,298	356,143	348,198	1,402,701	1,366,496
Expenses:						
General government	132,038	106,072	—	—	132,038	106,072
Public safety	290,366	269,278	—	—	290,366	269,278
Public works	107,727	151,127	—	—	107,727	151,127
Neighborhood development	104,055	139,231	—	—	104,055	139,231
Health	67,362	63,151	—	—	67,362	63,151
Culture and recreation	59,189	49,838	—	—	59,189	49,838
Convention facilities	38,959	28,989	—	—	38,959	28,989
Economic development	83,353	43,289	—	—	83,353	43,289
Unallocated depreciation	758	695	—	—	758	695
Interest on long-term debt	75,249	59,582	—	—	75,249	59,582
Water	—	—	77,564	72,422	77,564	72,422
Sewer	—	—	74,118	64,956	74,118	64,956
Aviation	—	—	152,110	143,428	152,110	143,428
Airport special facility	—	—	1,133	1,868	1,133	1,868
Total expenses	959,056	911,252	304,925	282,674	1,263,981	1,193,926
Increase in net assets before transfers	87,502	107,046	51,218	65,524	138,720	172,570
Transfers	(29,651)	—	29,651	—	—	—
Increase in net assets	57,851	107,046	80,869	65,524	138,720	172,570
Net assets – beginning of year, as restated	2,751,358	2,644,312	1,444,551	1,379,027	4,195,909	4,023,339
Net assets – end of year	$ 2,809,209	2,751,358	1,525,420	1,444,551	4,334,629	4,195,909

As previously described, the fiscal year 2006-2007 information in the above table has been restated Please refer to note 17 for additional information.

Revenues - Governmental Activities
(In thousands)



Expenses and Program Revenues - Governmental Activities
(In thousands)



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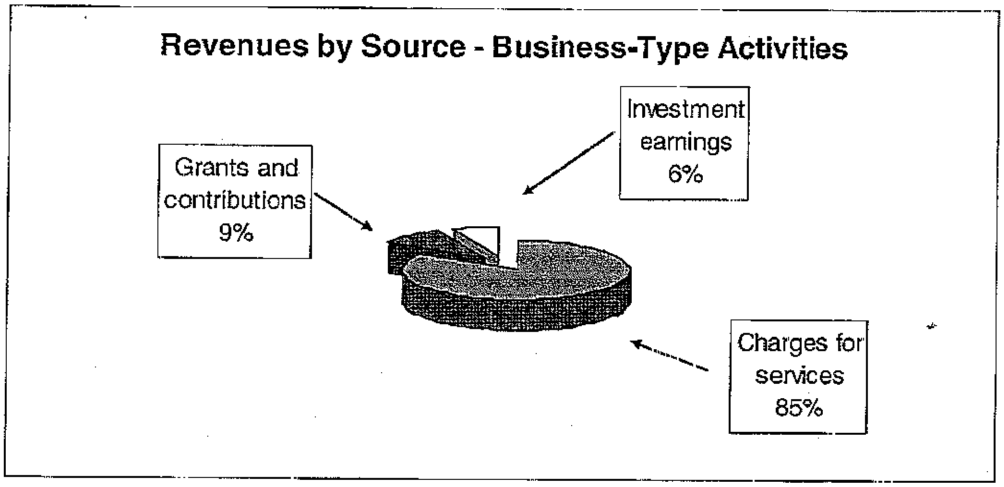
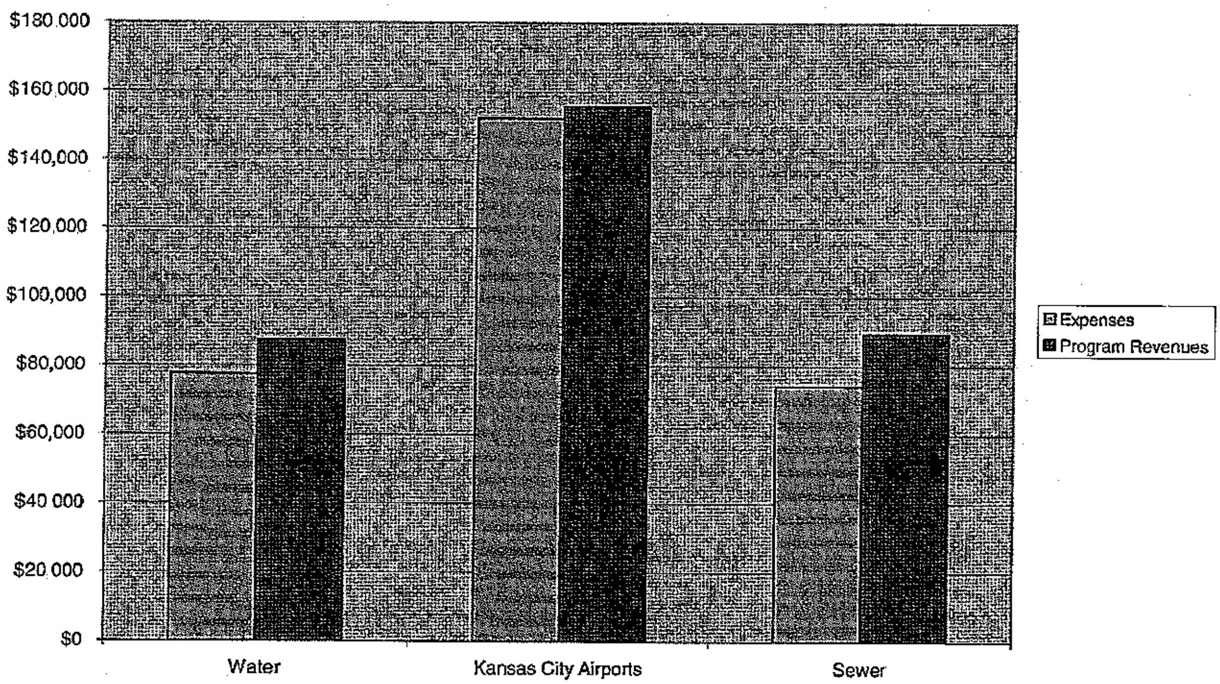


Expenses and Program Revenues - Business-type Activities

(In thousands)



(Continued)

Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* serves as a measure of a government's net resources available for use.

As of April 30, 2008, the City's governmental funds have combined ending fund balances of $647.9 million; approximately $298.6 million constitutes *unreserved fund balance*, and is available for spending at the government's discretion, excluding reappropriations of $156.5 million. The remainder of the fund balance is reserved indicating it is not available for new spending, because it is primarily committed to debt service, contracts, and purchase orders of the prior period.

The general fund is the chief operating fund of the City. At April 30, 2008, the unreserved fund balance of the general fund was $36.3 million, while the total fund balance was $47.6 million, and expenditures were $423.4 million. The total fund balance increased by $9.2 million during fiscal year 2008. A wireless telephone settlement, in the amount of $15.0 million, contributed to the increase in unreserved fund balance and total fund balance. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.6% of the total fund expenditures, while total fund balance represents 11.2% of the same amount.

Major Funds

The capital improvements fund, at April 30, 2008, had an unreserved fund balance of $147.4 million, while total fund balance was $201.8 million, and expenditures were $87.7 million. The total fund balance increased by $5.5 million during fiscal year 2008. A decrease in expenditures contributed to the increase in unreserved and total fund balances for fiscal year 2008.

The water fund, sewer fund (including storm water), and the airports fund, all of which are business-type activities, are also included as major funds. At April 30, 2008, unrestricted net assets of the water fund were $13.1 million, while total net assets were $436.4 million. As a measure of the water fund's liquidity, it may be useful to compare unrestricted net assets to total fund operating expenses. Unrestricted net assets represent 18.4% of the total fund operating expenses.

There was $27.7 million in unrestricted net assets for the sewer fund and total net assets of $569.9 million. As a measure of the sewer fund's liquidity, it may be useful to compare unrestricted net assets to total fund operating expenses. Unrestricted net assets represent 40.0% of the total fund operating expenses.

For the airports fund, there was $110.0 million in unrestricted net assets, with total net assets of $497.3 million. As a measure of the airports fund's liquidity, it may be useful to compare unrestricted net assets to total fund operating expenses. Unrestricted net assets represent 80.9% of the total fund expenses.

(Continued)

General Fund Budgetary Highlights

During fiscal year 2008 there was a $10.0 million increase in appropriations for expenditures and transfers out between the original and final amended budget and a $14.8 million increase in estimated revenues and operating transfers in. The actual expenditures and transfers out were under the final amended budget by $6.3 million while actual revenues and transfers in were over the final amended budget by $5.6 million. Individual department variances between actual expenditures and final budget were normal variances in most instances. However, the City Development Department had a large variance due to not spending grant appropriations available for Brownfields assessment projects, the Neighborhood Development Department had a variance due to not spending appropriations from a Justice Assistance grant, and the Fire Department had additional expenditures for salaries and worker's compensation claims.

Capital Assets and Debt Administration

Capital Assets

The City uses the modified approach when accounting for street surfacing, bridges/culverts, and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, retaining walls, traffic signals, signage, guard rails, buildings, improvements, machinery and equipment, land improvements and fountains and monuments. The City's investment in capital assets, net of related debt, for governmental and business-type activities as of April 30, 2008 amounts to $3.6 billion. This investment in capital assets includes land, buildings, improvements, machinery and equipment, land improvements, monuments/fountains and other works of art, street surfacing, bridges/culvers, curbs, sidewalks, street lighting, traffic signals, signage, retaining walls, and guard rails. The total increase in the City's investment in capital assets, net of related debt for FY 2007 – 08 was 2.4%.

Major capital asset events during fiscal year 2007 – 2008 included the following:

- The City's investment in capital assets, net of related debt on the statement of net assets increased by $85.2 million.
- Governmental capital assets, net of depreciation and disposals, increased by $205.7 million, mainly due to:
  - $5.3 million of vehicle purchases, $1.3 million of land acquisition for the East Village Project, $1.0 million of capital improvements at the City Market, $4.4 million of streetscape improvements, $1.5 million of building improvements at the Municipal Auditorium, $1.4 million of fire vehicles, $.8 million of construction of new fire stations, $1.3 million of building improvements at City Hall, $16.0 million of garage construction for the KC Live entertainment district, $3.7 million of construction for a vehicle impound facility, $8.3 million of construction and improvements at two community centers, $1.2 million of improvements of the parkway system, $4.0 million of construction of new police stations, $84.8 million of construction in process of various public works projects and $81.7 million of construction of a downtown sports and entertainment arena
- Business type capital asset additions, net of depreciation and disposals, increased by $78.5 million due to:
  - $1.6 million net reduction of Aviation assets due to disposal and depreciation

(Continued)

- $30.5 million increase for water utility lines and improvements
- $61.5 million increase for sewer utility lines and improvements
- $11.9 million decrease of assets which were transferred from nonmajor enterprise to governmental

During the fiscal year 2008 the conditions of the City's three networks of infrastructure assets accounted for using the modified approach had the following changes.

The overall condition level of the roadway system went from 87.00 in FY 2007 to 85.97 in FY 2008 on a rating scale of 100 indicating the overall condition maintained a "good" condition. The City's intent is to obtain an overall rating of not less than 80.

The overall condition level of the bridges went from 75.97 in FY 2007 to 76.17 in FY 2008 on a rating scale of 100 indicating the overall condition maintained a "better" condition. The City's intent is to obtain an overall rating of not less than 75 with no more than 10% being in "substandard" condition.

The overall condition level of the street lighting went from 92.60 in FY 2007 to 91.30 in FY 2008 on a rating scale of 100 indicating the overall condition maintained a "better" condition. The City's intent is to obtain an overall rating of not less than 90 with no more than 10% being in "substandard" condition.

During the fiscal year 2008 the actual amount of dollars expended to preserve and maintain the roadway system, bridges and street lights were 35.0%, 8.1% and 73.7% of the amount estimated respectively.

Capital Assets

(In thousands)

	Governmental activities		Business-type activities		Total	
	2007 – 08	2006 – 07 (As restated)	2007 – 08	2006 – 07	2007 – 08	2006 – 07 (As restated)
Land	$ 312,398	213,366	50,411	53,526	362,809	266,892
Buildings and improvements	983,822	516,702	985,763	982,282	1,969,585	1,498,984
Monuments and fountains	117,622	92,684	—	—	117,622	92,684
Land improvements	158310	94,671	—	—	158,310	94,671
Machinery and equipment	159,977	142,040	193,071	189,147	353,048	331,187
Infrastructure – modified	1,959,995	1,861,033	—	—	1,959,995	1,861,033
Infrastructure – depreciated	115,992	96,271	1,401,794	1,333,035	1,517,786	1,429,306
Accumulated depreciation	(376,829)	(321,951)	(902,356)	(852,368)	(1,279,185)	(1,174,319)
Construction in progress	215,302	746,044	196,826	141,392	412,128	887,436
Total	$ 3,646,589	3,440,860	1,925,509	1,847,014	5,572,098	5,287,874

As previously described, the fiscal year 2006-2007 information in the above table has been restated. Please refer to note 17 for additional information.

Additional information on the City's capital assets is in note 6 on pages A-71 through A-75.

Long-Term Debt

As of April 30, 2008, the City (the primary government) has bonded debt outstanding of approximately $2.2 billion. Of this amount, $308.7 million is comprised of debt backed by the full faith and credit of the government, with another $2.7 million of special assessment debt for which the government is liable in the event of default by property owners subject to the assessment. Additionally, the City has outstanding debt of $1.2 billion of improvement revenue bonds. The remainder of the City's debt represents bonds secured solely by specified revenue sources of the water, sewer, and airport systems totaling approximately $773.7 million.

General Obligation and Revenue Bonds

(In thousands)

	Governmental activities		Business-type activities		Total	
	2007 – 08	2006 – 07	2007 – 08	2006 – 07	2007 – 08	2006 – 07
Bonded debt outstanding:						
General obligation bonds	$ 308,655	286,235	—	—	308,655	286,235
Revenue bonds	—	—	773,725	765,038	773,725	765,038
Special assessment debt with government commitment	2,670	3,490	—	—	2,670	3,490
Limited obligation debt	1,164,747	1,140,089	—	—	1,164,747	1,140,089
Total	$ 1,476,072	1,429,814	773,725	765,038	2,249,797	2,194,852

The City's total debt increased by $54.9 million, or 2.5%, net of $213.2 million in payments,* during the fiscal year ending April 30, 2008. The key factors in this increase were the issuance of the following bonds and lease purchases:

- $22.6 million in City of Kansas City, Missouri special obligation bonds (Swope Ridge Geriatric Center, Second Street Streetscape, Tow Lot, Columbus Park Projects)
- $40 million in general obligation bonds
- $35 million in water revenue subordinate bonds
- $29.3 million in City of Kansas City, Missouri special obligation bonds (East Village Project)
- $0.5 million in Department of Natural Resources loan (Storm Water Project)
- $2.0 million in Missouri Transportation Finance Corporation (MTFC) (Paseo Bridge Project)**
- $18.4 million in lease purchase agreements (various equipment)

The following refunding bonds were also issued in fiscal year 2007 – 08:

- $5.9 million in City of Kansas City, Missouri special obligation refunding bonds (Refunding of Kansas City Municipal Corporation, Series 1998A)

(Continued)

- $114.9 million in Industrial Development Authority of the City of Kansas City, Missouri (IDA), variable rate demand tax-exempt revenue bonds (Kansas City Downtown Redevelopment, Fixed Rate Conversion)

  * The $213.2 million repayment includes IDA, Series 2005A, $115.0 million, principal outstanding, which were purchased on the fixed rate conversion date to convert Series 2005A into fixed rate bonds from variable rate demand bonds.

  ** The loan will be disbursed by MTFC in annual installments of $2 million for five years.

The City's general obligation bond credit ratings by Fitch, Standard & Poor's Corporation, and Moody's Investor Services, Inc. are "AAA," "AA," and "Aa3," respectively. The City's other bond ratings are also shown in the following table:

Type of bonds issued	Moody's rating	Standard & Poor's rating	Fitch's rating
General obligation bonds	Aa3	AA	AAA
General obligation NID bonds	Aa3	Not rated	Not rated
Water revenue bonds	A1	AA*	Not rated
Sewer revenue bonds	Aa3	AA	Not rated
Airport revenue bonds (senior lien bonds)	A1	A+	A+
Airport revenue bonds (subordinate lien bonds)	A2	A	A
Airport special facility bonds	A2	AA-	AA
Airport PFC bonds	A3	A	A
Kansas City, Missouri Special Obligation Bonds (Series 2008A)	A2	AA-	AA
Kansas City, Missouri Special Obligation Bonds (Series 2008B)	A2	AA-	AA

* Standard & Poor's upgraded the water revenue bonds on August 1, 2008 to AA+ from "AA".

Article VI, Sections 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for City purposes in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(d) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of acquiring right-of-way, construction, extending and improving streets and improving sanitary or storm sewer systems in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(e) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of purchasing or constructing waterworks, electric, or other light plants in an aggregate amount not to exceed 10% of the assessed value of property within the City. The additional language in 26(e) is an aggregate limit of general obligation debt of 20%.

The City's constitutional debt limit calculated as of April 30, 2008 is $1,456,782,929. The City's current legal debt margin is $1,054,429,898, which takes into account both authorized but unissued bonds totaling $104,915,000 and outstanding general obligation bonds less debt service fund balance totaling $297,438,031. Additional information regarding the City's long-term debt is in note 7 on pages A-76 to A-101.

Economic Factors and Next Year's Budgets and Rates

- Based on the Bureau of Labor Statistics, the unemployment rate for the City at April 30, 2008 was 4.6%, which is 0.5% lower than the rate one year ago. This compares favorably to the state and national average unemployment rate of 4.9% and 4.8%, respectively.
- Inflationary trends in the region were 4.0% at April 30, 2008 and are slightly higher as compared to national indices of 3.9%.

All of these factors are considered in preparing the City's budget.

Request for Information

This financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and demonstrates accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller's Office, 414 East 12th Street, Suite 302, Kansas City, Missouri 64106.

CITY OF FOUNTAINS
HEART OF THE NATION

KANSAS CITY
MISSOURI

Basic Financial Statements

CITY OF FOUNTAINS
HEART OF THE NATION

KANSAS CITY
MISSOURI

CITY OF KANSAS CITY, MISSOURI

Statement of Net Assets

April 30, 2008

(In thousands of dollars)

Assets		Primary government Governmental activities	Business-type activities	Total	Component units
Cash and investments	$	467,693	147,912	615,605	27,685
Receivable, net:					
Taxes		91,138	—	91,138	—
Accounts		1,992	35,149	37,141	5,212
Interest		4,226	1,618	5,844	56
Other		5,268	291	5,559	4,519
Prepaid items		—	1,592	1,592	—
Due from other governments		38,854	3,831	42,685	2,497
Due from primary government		—	—	—	4,958
Due from component units		5,292	45	5,337	45
Inventories		—	3,602	3,602	1,703
Special assessments – net		6,413	75	6,488	—
Bond issue costs – net		17,416	8,098	25,514	6,037
Other assets		1,577	—	1,577	1,488
Restricted assets:					
Cash and investments		241,139	227,253	468,392	94,153
Accounts receivable		—	4,393	4,393	6,213
Accrued interest		—	1,591	1,591	—
Due from primary government		—	—	—	24,009
Notes receivable		—	6,802	6,802	—
Capital assets, nondepreciable		2,487,695	247,237	2,734,932	26,465
Capital assets, depreciable, net		1,158,894	1,678,272	2,837,166	28,922
Total assets		4,527,597	2,367,761	6,895,358	233,962

(Continued)

CITY OF KANSAS CITY, MISSOURI

Statement of Net Assets

April 30, 2008

(In thousands of dollars)

Liabilities		Primary government: Governmental activities	Primary government: Business-type activities	Total	Component units
Liabilities:					
Accounts payable	$	63,546	22,339	85,885	6,452
Other accrued items		14,620	4,126	18,746	7,145
Construction contracts and retainages payable		10,676	3,236	13,912	—
Due to other governments		—	—	—	61
Internal balances		(252)	252	—	—
Prepaid lease revenue		—	3,322	3,322	—
Due to primary government		—	—	—	5,337
Due to component units		28,967	—	28,967	45
Unearned revenue		22,010	—	22,010	550
Accrued interest		30,997	8,589	39,586	1,929
Other liabilities		7,355	1,470	8,825	3,975
Long-term liabilities:					
Due within one year		57,727	46,114	103,841	13,110
Due in more than one year		1,463,734	747,233	2,210,967	520,741
Net pension obligations		7,983	2,769	10,752	16,150
Net other post-employment benefit obligations		11,025	2,891	13,916	1,901
Total liabilities		1,718,388	842,341	2,560,729	577,396
Net Assets					
Net assets:					
Investment in capital assets, net of related debt		2,331,180	1,260,120	3,591,300	40,398
Restricted for:					
Liberty Memorial – nonexpendable		15,688	—	15,688	—
Liberty Memorial – expendable		905	—	905	—
Debt service		54,925	41,711	96,636	117,729
Insurance reserves		800	—	800	—
Airport improvements		—	55,050	55,050	—
Other		—	—	—	7,630
Unrestricted (deficit)		405,711	168,539	574,250	(509,191)
Total net assets (deficit)	$	2,809,209	1,525,420	4,334,629	(343,434)

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Statement of Activities

Year ended April 30, 2008

(In thousands of dollars)

Functions/Programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expenses) revenues and changes in net assets: Primary government: Governmental activities	Primary government: Business-type activities	Primary government: Total	Component units
Primary government:								
Governmental activities:								
General government	$ 132,038	133,913	6,689	—	8,564	—	8,564	—
Public safety	290,366	26,281	3,886	—	(260,199)	—	(260,199)	—
Public works	107,727	21,700	—	24,523	(61,504)	—	(61,504)	—
Neighborhood development	104,055	28,514	15,568	—	(59,973)	—	(59,973)	—
Health	67,362	3,119	11,623	—	(52,620)	—	(52,620)	—
Culture and recreation	59,189	8,374	531	927	(49,357)	—	(49,357)	—
Convention facilities	38,959	11,217	—	—	(27,742)	—	(27,742)	—
Economic development	83,353	—	—	—	(83,353)	—	(83,353)	—
Unallocated depreciation	758	—	—	—	(758)	—	(758)	—
Interest on long-term debt and amortization of bond issue costs	75,249	—	—	—	(75,249)	—	(75,249)	—
Total governmental activities	959,056	233,118	38,297	25,450	(662,191)	—	(662,191)	—
Business-type activities:								
Water	77,564	84,040	—	3,395	—	9,871	9,871	—
Kansas City airports	152,110	134,738	185	20,731	—	3,544	3,544	—
Sewer	74,118	79,929	—	9,627	—	15,438	15,438	—
Nonmajor enterprise funds	1,133	1,143	—	—	—	10	10	—
Total business-type activities	304,925	299,850	185	33,753	—	28,863	28,863	—
Total primary government	$ 1,263,981	532,968	38,482	59,203	(662,191)	28,863	(633,328)	—
Total component units	$ 303,141	32,804	217,615	21,429	—	—	—	(31,293)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					109,889	—	109,889	—
Property taxes, levied for debt service					10,251	—	10,251	—
Property taxes, tax increment financing					—	—	—	79,148
Earnings and profits taxes					219,168	—	219,168	—
Sales taxes					163,913	—	163,913	—
Local option use taxes					30,534	—	30,534	—
Hotel and restaurant taxes					38,603	—	38,603	—
Gaming taxes					17,552	—	17,552	—
Railroad and utility taxes					79,948	—	79,948	—
Cigarette taxes					1,529	—	1,529	—
PILOTS and business replacement taxes					40,801	—	40,801	—
Investment earnings					37,505	22,355	59,860	3,343
Miscellaneous – contributions					—	—	—	2,047
Transfers					(29,651)	29,651	—	—
Total general revenues and transfers					720,042	52,006	772,048	84,538
Change in net assets					57,851	80,869	138,720	53,245
Net assets – beginning of year (as restated see note 17)					2,751,358	1,444,551	4,195,909	(396,679)
Net assets – ending of year					$ 2,809,209	1,525,420	4,334,629	(343,434)

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Governmental Funds Balance Sheet

April 30, 2008

(In thousands of dollars)

Assets		General	Capital improvements	Nonmajor governmental funds	Total governmental funds
Cash and investments	$	66,616	158,019	243,058	467,693
Receivables:					
Taxes		64,385	11,066	27,754	103,205
Municipal court		2,120	—	—	2,120
Accounts		412	—	1,580	1,992
Special assessments		4,710	—	7,292	12,002
Interest and dividends		720	1,682	1,824	4,226
Other		1,200	—	3,622	4,822
Allowance for uncollectible receivables		(9,666)	—	(9,664)	(19,330)
Due from other governments		2,336	15,124	21,394	38,854
Due from other funds		702	48,390	27,826	76,918
Due from component units		5,292	—	—	5,292
Restricted assets – cash and investments		802	—	240,337	241,139
Other		—	1	1,576	1,577
Total assets	$	139,629	234,282	566,599	940,510
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$	16,119	9,023	38,404	63,546
Other accrued items		6,397	41	6,615	13,053
Construction contracts and retainages payable		210	4,027	6,439	10,676
Due to other funds		15,533	4,609	58,091	78,233
Due to component units		4,790	—	24,177	28,967
Deferred revenue		48,869	14,754	27,181	90,804
Other liabilities		124	—	7,231	7,355
Total liabilities		92,042	32,454	168,138	292,634
Fund balances:					
Reserved for:					
Encumbrances		11,272	54,414	80,448	146,134
Debt service		—	—	73,778	73,778
Construction		—	—	113,636	113,636
Endowment		—	—	15,688	15,688
Unreserved, designated for, reported in:					
Reappropriations		—	147,414	—	147,414
Special revenue funds		—	—	9,132	9,132
Unreserved, undesignated, reported in:					
General fund		36,315	—	—	36,315
Special revenue funds		—	—	42,999	42,999
Capital project funds		—	—	39,065	39,065
Debt service funds		—	—	22,823	22,823
Permanent fund		—	—	892	892
Total fund balances		47,587	201,828	398,461	647,876
Total liabilities and fund balances	$	139,629	234,282	566,599	940,510

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

April 30, 2008

(In thousands of dollars)

Fund balances – total governmental funds	$	647,876
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets		4,023,418
Less accumulated depreciation		(376,829)
		3,646,589
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due		(30,997)
Revenues that are deferred due to the City not receiving cash within 60 days are recognized as revenue in the governmental activities in the statement of net assets		68,794
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Bonds and notes payable		(1,476,072)
Net pension obligations		(7,983)
Other post employment benefit obligations		(11,025)
Compensated absences		(23,074)
Claims payable		(21,289)
Unamortized premium on bond issues		(25,688)
Deferred charges on refunding		22,791
Deferred discount on bond issues		1,871
Bond issue costs, net of related amortization, are not recorded as an asset in the governmental funds		17,416
Net assets of governmental activities	$	2,809,209

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended April 30, 2008

(In thousands of dollars)

	General	Capital improvements	Nonmajor governmental funds	Total governmental funds
Revenues:				
Taxes	$ 279,776	69,221	227,447	576,444
Licenses, permits, and franchises	133,018	—	21,930	154,948
Fines and forfeitures	16,275	—	816	17,091
Rents and concessions	1,050	—	14,802	15,852
Investment income and interest	2,269	12,425	22,799	37,493
Charges for services	34,130	—	12,255	46,385
Intergovernmental revenues	4,908	13,575	85,034	103,517
Special assessments	191	—	6,903	7,094
Contributions	1,019	74	41,071	42,164
Other	5,085	34	4,065	9,184
Total revenues	477,721	95,329	437,122	1,010,172
Expenditures:				
Current:				
General government	96,728	881	19,984	117,593
Fire	82,486	—	12,249	94,735
Public works	22,333	—	34,976	57,309
Neighborhood development	18,270	—	15,227	33,497
Health	—	—	66,386	66,386
Culture and recreation	10,154	—	32,231	42,385
Convention facilities	283	—	20,980	21,263
Nondepartmental	—	—	84,653	84,653
Police	175,831	—	7,167	182,998
Intergovernmental:				
KCATA	—	—	47,893	47,893
Debt service:				
Principal retirement	3,432	—	56,069	59,501
Interest and fiscal agent fees	1,485	—	65,466	66,951
Bond issue costs	—	—	3,160	3,160
Capital outlay:				
Public works	3,561	66,005	133,037	202,603
Culture and recreation	472	19,105	21,270	40,847
Neighborhood development	3,473	1,673	71,334	76,480
Fire	—	—	2,141	2,141
General government	4,848	2	7,330	12,180
Total expenditures	423,356	87,666	701,553	1,212,575
Excess (deficiency) of revenues over expenditures	54,365	7,663	(264,431)	(202,403)
Other financing sources (uses):				
Transfers in	4,658	7,835	146,612	159,105
Transfers out	(49,812)	(11,962)	(98,295)	(160,069)
Issuance of debt	—	2,000	99,107	101,107
Issuance of refunding debt	—	—	121,225	121,225
Premium/discount on bond issue	—	—	4,514	4,514
Payment to refunding bond escrow agent	—	—	(121,225)	(121,225)
Other financing sources (uses), net	(45,154)	(2,127)	151,938	104,657
Net change in fund balances	9,211	5,536	(112,493)	(97,746)
Fund balances, beginning of year	38,376	196,292	510,954	745,622
Fund balances, end of year	$ 47,587	201,828	398,461	647,876

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year ended April 30, 2008

(In thousands of dollars)

Net change in fund balances – total governmental funds	$	(97,746)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay		259,921
Depreciation		(44,568)
		215,353
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		3,979
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in net pension obligation		3,104
Change in other post-employment benefits obligation		(11,025)
Change in claims payable		(21,289)
Developer contributions do not provide current financial resources and are not reported as revenues in the funds		11,607
The issuance of long-term debt (for example, bonds, loans, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Bond, capital leases, and loan proceeds, including premium/discount		(226,846)
Repayment of principal (bonds, loans, and capitalized lease obligations)		59,501
Defeasance of debt refunding		121,225
Amortization of premium/discount, net		3,168
Interest		(3,951)
Bond issue costs		3,160
Amortization of bond issue costs		(1,609)
Deferred charge on refunding		5,721
Amortization of deferred charge on refunding		(2,176)
Change in compensated absences		(378)
		(42,185)
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities		27,684
Transfers of capital assets from the proprietary funds are not reported as transfers in by the governmental funds		12,932
Transfers of capital assets to the proprietary funds are not reported as transfers out by the governmental funds		(44,563)
Change in net assets of governmental activities	$	57,851

See accompanying notes to basic financial statements.

CITY OF FOUNTAINS
HEART OF THE NATION

KANSAS CITY
MISSOURI

CITY OF KANSAS CITY, MISSOURI

Proprietary Funds Statement of Net Assets

April 30, 2008

(In thousands of dollars)

Assets	Business-type activities – enterprise funds: Water	Kansas City Airports	Sewer	Nonmajor enterprise funds	Total	Governmental activities – internal service funds
Current assets:						
Cash and cash equivalents	$ 863	3,430	1,332	318	5,943	—
Investments	3,243	22,786	5,001	—	31,030	—
Receivables:						
Accounts	15,486	6,223	18,430	473	40,612	—
Interest and dividends	150	911	172	385	1,618	—
Allowance for uncollectible receivables	(2,900)	(569)	(1,994)	—	(5,463)	—
Notes receivable – current	291	—	—	—	291	—
Due from other governments	—	3,831	—	—	3,831	—
Due from other funds	937	—	391	—	1,328	—
Due from component units	—	—	—	45	45	—
Prepaid items	507	690	395	—	1,592	—
Inventories	2,154	820	628	—	3,602	—
Restricted assets:						
Cash and cash equivalents	2,841	12,175	3,673	3,081	21,770	—
Investments	4,734	13,936	3,819	9,475	31,964	—
Accounts receivable	—	4,453	—	—	4,453	—
Allowance for uncollectible receivables	—	(60)	—	—	(60)	—
Interest receivable	564	814	213	—	1,591	—
Total restricted assets	8,139	31,318	7,705	12,556	59,718	—
Total current assets	28,870	69,440	32,060	13,777	144,147	—
Noncurrent assets:						
Investments	11,138	80,349	17,180	2,272	110,939	—
Restricted assets-investments	50,045	69,135	21,790	32,549	173,519	
Notes receivable	6,802	—	—	—	6,802	—
Capital assets, nondepreciable	68,856	70,585	103,318	4,478	247,237	—
Capital assets, depreciable, net	483,134	601,408	593,730	—	1,678,272	—
Special assessments, net	73	—	2	—	75	—
Bond issue costs, net	1,505	3,529	2,550	514	8,098	—
Total noncurrent assets	621,553	825,006	738,570	39,813	2,224,942	—
Total assets	$ 650,423	894,446	770,630	53,590	2,369,089	—

(Continued)

CITY OF KANSAS CITY, MISSOURI

Proprietary Funds Statement of Net Assets

April 30, 2008

(In thousands of dollars)

Liabilities	Business-type activities – enterprise funds: Water	Kansas City Airports	Sewer	Nonmajor enterprise funds	Total	Governmental activities – internal service funds
Liabilities:						
Current liabilities:						
Accounts payable	$ 4,616	12,669	4,067	987	22,339	—
Compensated absences	153	97	207	—	457	—
Other accrued expense	1,956	312	1,858	—	4,126	—
Prepaid lease revenue	—	3,322	—	—	3,322	—
Due to other funds	541	—	1,039	—	1,580	—
Claims payable	1,448	415	934	—	2,797	—
Liabilities payable from restricted assets:						
Matured bonds and coupons	—	299	—	—	299	—
Accrued interest and fiscal agent fees	2,901	2,591	2,860	237	8,589	—
Customer deposits and other liabilities	1,171	—	—	—	1,171	—
Construction contracts and retainages payable	719	1,644	873	—	3,236	—
Revenue bonds and capital lease, portion due within one year	12,728	18,395	11,167	570	42,860	—
Total liabilities payable from restricted assets	17,519	22,929	14,900	807	56,155	—
Total current liabilities	26,233	39,744	23,005	1,794	90,776	—
Noncurrent liabilities:						
Compensated absences	2,795	1,795	1,652	—	6,242	—
Net pension obligation	1,058	902	809	—	2,769	—
Claims payable	3,799	1,089	2,451	—	7,339	—
Unamortized bond premium (discount)	(181)	383	2,455	130	2,787	—
Other post-employment benefit obligations	1,105	941	845	—	2,891	—
Revenue bonds and capital lease, less current portion	179,190	352,255	169,540	29,880	730,865	—
Total noncurrent liabilities	187,766	357,365	177,752	30,010	752,893	—
Total liabilities	213,999	397,109	200,757	31,804	843,669	—
Net Assets						
Net assets:						
Invested in capital assets, net of related debt	406,639	312,855	537,291	3,335	1,260,120	—
Restricted for:						
Principal and interest	—	19,476	—	616	20,092	—
Debt service	16,653	—	4,908	58	21,619	—
Airport improvements	—	55,050	—	—	55,050	—
Unrestricted	13,132	109,956	27,674	17,777	168,539	—
Total net assets	$ 436,424	497,337	569,873	21,786	1,525,420	—

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended April 30, 2008

(In thousands of dollars)

		Business-type activities – enterprise funds					Governmental activities – internal service funds
		Water	Kansas City Airports	Sewer	Nonmajor enterprise funds	Total	
Operating revenues:							
Charges for services	$	80,053	103,248	76,059	—	259,360	104,168
Rentals and tolls		—	—	—	1,142	1,142	—
Other		3,987	858	3,870	1	8,716	—
Total operating revenues		84,040	104,106	79,929	1,143	269,218	104,168
Operating expenses:							
Salaries, wages, and employee benefits		28,588	27,457	24,106	—	80,151	20,654
Supplies and materials		7,690	4,261	4,471	—	16,422	17,920
Utilities		7,922	—	6,604	—	14,526	17,241
Contractual services		8,133	46,220	11,801	—	66,154	3,788
Repairs and maintenance		5,505	—	4,008	—	9,513	3,528
Insurance		3,519	—	2,384	—	5,903	—
Claims		—	—	—	—	—	12,868
Depreciation and amortization		10,182	58,030	15,737	391	84,340	818
Other		—	—	—	—	—	2,495
Total operating expenses		71,539	135,968	69,111	391	277,009	79,312
Operating income (loss)		12,501	(31,862)	10,818	752	(7,791)	24,856
Nonoperating revenues (expenses):							
Investment income		2,949	12,678	3,468	3,260	22,355	12
Interest expense and fiscal agent fees		(5,998)	(18,883)	(4,984)	(1,421)	(31,286)	(129)
Passenger facility charges		—	23,822	—	—	23,822	—
Customer facility charges		—	6,810	—	—	6,810	—
Grants		—	185	—	—	185	—
Other		(27)	2,741	(23)	679	3,370	—
Total nonoperating revenues (expenses), net		(3,076)	27,353	(1,539)	2,518	25,256	(117)
Income (loss) before capital contributions and transfers		9,425	(4,509)	9,279	3,270	17,465	24,739
Capital contributions		10,015	20,731	47,570	—	78,316	—
Transfers in		—	—	—	—	—	7,280
Transfers out		—	—	—	(14,912)	(14,912)	(4,335)
Change in net assets		19,440	16,222	56,849	(11,642)	80,869	27,684
Net assets, beginning of year		416,984	481,115	513,024	33,428	1,444,551	(27,684)
Net assets, end of year	$	436,424	497,337	569,873	21,786	1,525,420	—

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Proprietary Funds Statement of Cash Flows

Year ended April 30, 2008

(In thousands of dollars)

	Business-type activities – enterprise funds					Governmental activities – internal service funds
	Water	Kansas City Airports	Sewer	Nonmajor enterprise funds	Total	
Cash flows from operating activities:						
Cash received from customers	$ 82 385	104 764	77 398	1,084	265,631	112 781
Cash paid to suppliers	(31 288)	(50,843)	(29,097)	—	(111 228)	(86 314)
Cash paid to employees	(25 906)	(26,407)	(23,438)	—	(75 751)	(22 343)
Other cash paid for operations	—	—	—	(1)	(1)	(3,547)
Net cash provided by operating activities	25,191	27,514	24,863	1,083	78,651	577
Cash flows from noncapital financing activities:						
Decrease due to other funds	—	—	—	—	—	(8 966)
Transfer in	—	—	—	—	—	7 280
Transfer out	—	—	—	(2 960)	(2 960)	(3 355)
Proceeds from operating grants	—	185	—	—	185	—
Net cash provided by (used in) noncapital financing activities	—	185	—	(2,960)	(2,775)	(5,041)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(33,559)	(61 504)	(29,899)	(2 929)	(127 891)	—
Proceeds from issuance of revenue bonds, net of premium and discount	45 808	—	517	—	46 325	—
Capital contribution	—	18 282	—	—	18,282	—
Principal paid on revenue bond maturities and capital leases	(11 945)	(15 340)	(9,822)	(530)	(37,637)	—
Interest paid on revenue bonds, capital leases and equipment contracts	(3 512)	(18 954)	(3,633)	(1,430)	(27 529)	(128)
Proceeds from sale of capital assets	—	10,627	—	—	10,627	—
Debt issuance costs	(28)	—	(149)	—	(177)	—
Proceeds from notes	291	—		—	291	—
CID sales tax	—	—	—	660	660	—
Passenger facility charges	—	23,822	—	—	23,822	—
Customer facility charges	—	6,810	—	—	6,810	—
Net cash used in capital and related financing activities	(2,945)	(36,257)	(42,986)	(4,229)	(86,417)	(128)
Cash flows from investing activities:						
Purchase of investments	(99,645)	(213 900)	(54 174)	(72,844)	(440,563)	—
Proceeds from sales and maturities of investments	76,465	213 941	67,400	70,411	428 217	—
Interest received	2,957	10,168	3,267	2,640	19,032	—
Cash provided by (used in) investing activities	(20,223)	10,209	16,493	207	6,686	12
Net increase (decrease) in cash and cash equivalents	2.023	1.651	(1 630)	(5,899)	(3,855)	(4,580)
Cash and cash equivalents at beginning of year	1,681	13,954	6,635	9,298	31,568	4,580
Cash and cash equivalents at end of year	$ 3,704	15,605	5,005	3,399	27,713	—
Components of cash and cash equivalents at end of fiscal year:						
Unrestricted	$ 863	3,430	1 332	318	5 943	—
Restricted	2,841	12,175	3,673	3,081	21,770	—
	$ 3,704	15,605	5,005	3,399	27,713	—
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ 12,501	(31,862)	10,818	752	(7,791)	24,856
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	10,182	58,030	15 737	391	84,340	818
Changes in assets and liabilities:						
Decrease (increase) in accounts receivables	(1,005)	26	(2,737)	(58)	(3,774)	29
Decrease (increase) in inventories	(103)	(89)	(128)	—	(320)	4 573
Increase in prepaid items	(88)	(928)	(78)	—	(1,094)	—
Decrease (increase) in due from other funds	(739)	—	206	—	(533)	7 301
Increase (decrease) in accounts payable	2,465	(680)	(721)		1,064	—
Decrease in current liabilities, excluding debt	(536)	—	(200)	(2)	(738)	—
obligations	(4,672)	—	(2,698)	—	(7,370)	(2,018)
Increase in liabilities payable from restricted assets, excluding debt obligations	1 105	—	845	—	1 950	—
Increase (decrease) in claims payable	5 248	371	3 385	—	9,004	(31 166)
Increase (decrease) in compensated absences	301	257	64	—	622	(1,624)
Increase (decrease) in other accrued expenses	532	2,389	370	—	3,291	(2,192)
Total adjustments	12,690	59,376	14,045	331	86,442	(24,279)
Net cash provided by operating activities	$ 25,191	27,514	24,863	1,083	78,651	577
Noncash capital and related financing activities:						
Contributions of capital assets	$ 10,015	20,731	47 570	—	78,316	—
Transfers of capital assets	—	—	—	(11 952)	(11,952)	(980)
Increase (decrease) in fair value of investments	208	2,427	526	423	3 584	—

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Fiduciary Funds Statement of Net Assets

April 30, 2008

(In thousands of dollars)

		Pension trusts	Private purpose trusts	Agency funds
Assets:				
Cash and cash equivalents	$	64,478	815	15,484
Investments:				
U.S. government securities		176,477	—	—
Municipal bonds		201	—	—
Corporate bonds and notes		168,616	—	—
Common and preferred stock		751,298	—	—
Government mortgage-backed securities		60,106	—	—
Partnerships		24,984	—	—
Real estate		85,900	—	—
Short-term investment funds		23,907	—	—
Foreign equities		146,064	—	—
Collective trusts – equities		385,451	—	—
Collective trusts – fixed income		301,310	—	—
Warrants		13	—	—
Futures contracts and options		(313)	—	—
Indexed notes and bonds		5,802	—	—
Receivables:				
Accounts		41	—	1,624
Interest and dividends		4,387	4	24
Other		9,232	—	—
Due from other funds		1,567	—	—
Securities lending collateral		152,365	—	—
Other assets		—	—	1,683
Total assets		2,361,886	819	18,815
Liabilities:				
Accounts payable		66,185	—	5,019
Due to employees		—	—	87
Securities lending collateral		152,365	—	—
Deposits		—	—	13,709
Total liabilities		218,550	—	18,815
Net assets held in trust for pension benefits and other purposes	$	2,143,336	819	—

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Fiduciary Funds Statement of Changes in Net Assets

Year ended April 30, 2008

(In thousands of dollars)

		Pension trusts	Private purpose trusts
Additions:			
City contributions	$	50,070	—
Employee contributions		21,580	—
Other contributions		—	129
Contributions		71,650	129
Investment income (expense):			
Investment income		47,212	30
Net depreciation in fair value of investments		(73,736)	—
Investment expense		(11,237)	—
Securities lending income		10,014	—
Securities lending expense		(9,216)	—
Net investment income (loss)		(36,963)	30
Total additions		34,687	159
Deductions:			
Pension benefits		111,737	—
Employee refunds		4,124	—
Administrative expense		866	—
Nondepartmental		—	56
Total deductions		116,727	56
Net increase (decrease)		(82,040)	103
Net assets, beginning of year		2,225,376	716
Net assets, end of year	$	2,143,336	819

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Discretely Presented Component Units Combining Statement of Net Assets

April 30, 2008

(In thousands of dollars)

Assets	Land Clearance for Redevelopment Authority	Tax Increment Financing Commission	Police Department	Other	Total
Cash and investments	$ 84	1,319	12,718	13,564	27,685
Receivables:					
Accounts	260	—	644	7,807	8,711
Notes	2,384	—	26	2,000	4,410
Interest	—	—	—	56	56
Other	—	—	5	104	109
Allowance for uncollectible receivables	—	—	—	(3,499)	(3,499)
Due from other governments	—	—	2,497	—	2,497
Due from primary government	—	—	4,913	45	4,958
Due from component units	—	—	—	45	45
Inventories	—	—	1,646	57	1,703
Restricted assets:					
Cash and investments	—	85,376	1,310	7,467	94,153
Due from primary government	—	24,009	—	—	24,009
Receivables	—	6,213	—	—	6,213
Capital assets, nondepreciable	1,900	—	—	13,963	15,863
Capital assets, depreciable, net	2,708	—	10,725	15,489	28,922
Assets held for redevelopment	930	10,602	—	—	11,532
Bond issue costs, net	—	6,037	—	—	6,037
Other assets	—	—	—	558	558
Total assets	8,266	133,556	34,484	57,656	233,962
Liabilities					
Liabilities:					
Accounts payable	199	639	4,692	922	6,452
Interest payable	—	1,800	—	129	1,929
Compensated absences – current	—	—	7,082	—	7,082
Current maturities of debt	—	4,510	—	1,518	6,028
Other accrued expense	—	—	4,741	2,404	7,145
Due to other governments	—	61	—	—	61
Due to primary government	2,384	—	—	2,953	5,337
Due to component units	—	—	—	45	45
Compensated absences – noncurrent	—	—	25,538	—	25,538
Deferred income	—	—	—	550	550
Net pension obligation	—	—	16,150	—	16,150
Long-term debt	—	491,347	—	3,856	495,203
Net other post employment benefit obligation	—	—	1,901	—	1,901
Other liabilities	—	796	3,179	—	3,975
Total liabilities	2,583	499,153	63,283	12,377	577,396
Net Assets (Deficit)					
Net assets (deficit):					
Invested in capital assets, net of related debt	4,608	—	10,725	25,065	40,398
Restricted for:					
Debt service	—	113,968		3,761	117,729
Special programs	—	—	5,142	—	5,142
Revolving capital account	—	—	—	2,488	2,488
Unrestricted	1,075	(479,565)	(44,666)	13,965	(509,191)
Total net assets (deficit)	$ 5,683	(365,597)	(28,799)	45,279	(343,434)

See accompanying notes to basic financial statements.

CITY OF KANSAS CITY, MISSOURI

Discretely Presented Component Units Combining Statement of Activities

Year ended April 30, 2008

(In thousands of dollars)

		Program revenues			Net (expenses) revenues and changes in net assets				
Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Land Clearance for Redevelopment Authority	Tax Increment Financing Commission	Police Department	Other	Total
Land Clearance for Redevelopment Authority	$ 2,135	212	12,512	542	11,131	—	—	—	11,131
Tax Increment Financing Commission	58,591	652	—	16,959	—	(40,980)	—	—	(40,980)
Police Department	202,779	5,490	189,508	777	—	—	(7,004)	—	(7,004)
Other	39,636	26,450	15,595	3,151	—	—	—	5,560	5,560
Total	303,141	32,804	217,615	21,429	11,131	(40,980)	(7,004)	5,560	(31,293)
General revenues:									
Investment earnings					68	2,201	500	574	3,343
Miscellaneous – contributions					825	—	—	1,222	2,047
Tax increment financing					—	79,148	—	—	79,148
Total general revenues					893	81,349	500	1,796	84,538
Change in net assets					12,024	40,369	(6,504)	7,356	53,245
Net assets – beginning					(6,341)	(405,966)	(22,295)	37,923	(396,679)
Net assets – ending					$ 5,683	(365,597)	(28,799)	45,279	(343,434)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The City of Kansas City, Missouri (the City) was incorporated in 1850 and covers an area of approximately 318 square miles in Jackson, Clay, Platte and Cass counties in Missouri. The City is a charter city and utilizes a council/manager form of government. The City provides services to its residents in many areas, including public safety, water and sewer services, community environment and development, recreation, and various social services.

The accounting and reporting policies of the City conform to U.S. generally accepted accounting principles (GAAP) applicable to local governments. The following is a summary of the more significant accounting policies and practices of the City.

(a) Financial Reporting Entity

The accompanying financial statements present the City's primary government and component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Component units are reported in the City's financial statements as follows:

Blended Component Units

The following legally separate entities are component units that are, in substance, a part of the City's general operations.

Kansas City Municipal Assistance Corporation (KCMAC) is governed by a seven-member board appointed by the city manager. Although it is legally separate from the City, KCMAC is reported as if it were part of the primary government because its sole function is the financing of municipal projects for the City. The activities of KCMAC are included in the accompanying financial statements as part of the nonmajor governmental funds. KCMAC does not have separately issued financial statements.

The *Police Retirement System* and the *Civilian Employees' Retirement System* are governed by a single seven-member board, as defined by the state statutes. State statutes require the City to provide for and fund the Police Retirement System. The funding requirement is separate and apart from the funding requirement of the Board of Police Commissioners. These retirement systems are reported as if they are a part of the City because their sole function is to administer police benefit programs the City is required to provide. The activities of the retirement systems are included in the accompanying financial statements as pension trust funds.

The City has determined that the Police and Civilian retirement plans are component units of the City because their exclusion from the City's reporting entity would be misleading since the plans provide benefits that ultimately are the City's responsibility to fund.

(b) Discretely Presented Component Units

The component unit columns in the financial statements include the financial data of the City's other component units. They are reported in a separate column to emphasize they are legally separate from the City.

1. Land Clearance for Redevelopment Authority (LCRA) eliminates blight within the City limits by acquiring and preparing land for redevelopment. The mayor appoints all five members of the board of commissioners. LCRA annually receives a significant amount of revenues from the City. The complete financial statements may be obtained by writing to LCRA at 100 Walnut St. Suite 1700, Kansas City, Missouri 64106 or by calling (816) 221-0636.

2. Tax Increment Financing (TIF) Commission uses tax increment financing as a method to finance redevelopment project expenses through payments in lieu of taxes and economic activity taxes. The mayor appoints all six members of the TIF board of commissioners. The complete financial statements may be obtained by writing to TIF at 100 Walnut St. Suite 1700, Kansas City, Missouri 64106 or by calling (816) 221-0636.

3. The Kansas City Board of Police Commissioners (Police Department) provides police services for the City and is governed by a five-member board. The mayor is a member, with the four remaining members appointed by the governor of Missouri. Under state statutes, the City must provide funding to the board amounting to at least 20% of the City's general revenues. Further, the board cannot levy taxes or issue bonded debt, powers that are held by the City, to the benefit of the board. As a result of the board's fiscal dependency upon the City, the City is financially accountable for the board. See note 12 for additional details. The complete financial statements may be obtained by writing to The Kansas City Board of Police Commissioners at 1125 Locust, Kansas City, Missouri 64106 or by calling (816) 234-5354.

4. Economic Development Corporation (EDC) is a business and economic development organization. City officials constitute 15 of the 43 members of the EDC board of directors. The City is financially accountable for EDC. The City provides EDC's major source of revenues and approves its budget annually. The complete financial statements may be obtained by writing to EDC at 100 Walnut St. Suite 1700, Kansas City, Missouri 64106 or by calling (816) 221-0636.

5. KCCID – Charitable Trust merges public and private funds and development incentives to acquire, construct, maintain, and operate redevelopment projects. KCCID has a five-member board of directors consisting of four Economic Development Corporation (EDC) board members, including a city council member and the president of EDC. The City has provided significant funding, by use of federal grants, to KCCID, which reflects KCCID's dependence on the City. The complete financial statements may be obtained by writing to KCCID at 100 Walnut St. Suite 1700, Kansas City, Missouri 64106 or by calling (816) 221-0636.

6. Port Authority of Kansas City, Missouri (Port Authority) is responsible for the planning and development of the Missouri River within the City's corporate limits. The mayor appoints all seven members of the board of commissioners. The City is able to impose its will on the Port

(Continued)

Authority. The complete financial statements may be obtained by writing to the Port Authority at 100 Walnut St. Suite 1700, Kansas City, Missouri 64106 or by calling (816) 221-0636.

7. Maintenance Reserve Corporation (MRC) administers a home maintenance program provided to certain homeowners participating in loan programs formerly administered for the City by the Housing and Economic Development Financial Corporation. MRC is governed by a four-member board of directors appointed by the city manager. Funding of MRC's activities is provided primarily by federal grants obtained by the City. The complete financial statements may be obtained by writing to MRC at 600 Broadway, Kansas City, Missouri 64106 or by calling (816) 472-2921.

8. Downtown Economic Stimulus Authority of Kansas City, Missouri (DESA) reviews development projects wishing to use the state revenues authorized by the Missouri DESA and makes formal recommendations to the City Council and the Missouri Development Finance Board. The mayor appoints 12 of the 13 members of the board of commissioners. The City is able to impose its will on the DESA. The complete financial statements may be obtained by writing to the Downtown Economic Stimulus Authority at 100 Walnut St. Suite 1700, Kansas City, Missouri 64106 or by calling (816) 221-0636.

9. Kansas City International Airport – Community Improvement District (KCICID) provides a financial benefit to the City by collecting sales and use taxes within the district to address economic, social, and infrastructure needs within the district as well as providing management, operational, and ownership duties for all real and personal property either owned, leased to, or from the KCICID. The mayor appoints all five members of the KCICID board of directors. The complete financial statements may be obtained by writing to the Kansas City, Missouri International Airport at 601 Brasilia Ave., Kansas City, Missouri 64153 or by calling (816) 243-3000.

10. Performing Arts Community Improvement District provides a financial benefit to the City by collecting sales taxes and fees, rents, and other charges within the district for the purpose of funding the expansion and improvements of the downtown Kansas City, MO area surrounding Bartle Hall and the Performing Arts Center. The mayor appoints all eight members of the board of directors. The complete financial statements may be obtained by writing to the City of Kansas City, Missouri, Finance Department at 414 E. 12th St. Suite 302, Kansas City, MO 64106 or by calling (816) 513-1187.

11. The American Jazz Museum (AJM) is responsible for overseeing the construction/renovation and maintenance of the Jazz Hall of Fame, the GEM Theatre, the Negro Baseball Hall of Fame (the Cultural Facility), and the Museum. The City appoints a voting majority of the governing body and can impose its will upon AJM. The complete financial statements may be obtained by writing the AJM at 1616 East 18th Street, Kansas City, Missouri 64108 or by calling (816) 474-8463.

12. Metropolitan Ambulance Service Trust (MAST) provides municipal ambulance services. The mayor appoints all seven members of the MAST board of trustees. The City annually provides significant operating subsidies to MAST. The complete financial statements may be obtained

by writing to MAST at 6750 Eastwood Trafficway, Kansas City, Missouri 64129 or by calling (816) 924-1700.

(c) Basis of Presentation

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities report the overall financial activity of the City and its component units, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the government-wide, business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund

The general fund is the main operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed through revenues received by the general fund.

Capital Improvements Fund

The capital improvements fund is used to account for the financing of capital improvement projects not financed by other funds or by long-term debt. Revenues received by this fund come primarily from a sales tax allocation for capital improvements and from federal and state grants and other contributions.

The City reports the following major enterprise funds:

Water Fund

The water fund accounts for activities of the City's water distribution system. Revenues are derived mainly from water service and installation charges.

Kansas City Airports Fund

The Kansas City airports fund accounts for the operations of the City's two airports: Kansas City International Airport (KCI) and the Charles B. Wheeler Downtown Airport. Revenues are derived principally from hangar and terminal building rental, landing fees, and parking.

Sewer Fund

The sewer fund accounts for the activities of the wastewater collection and treatment system. Revenues are derived primarily from sewer users' service charges and fees.

The City reports the following additional fund types:

Enterprise Funds

These funds account for the operation of public parking garages and the proceeds from a special facility bond issue and the related lease agreement for the aircraft maintenance and overhaul base located at the Kansas City International Airport. The public parking garage fund (Auditorium Plaza Garage) was closed at the end of fiscal year 2008.

Internal Service Funds

These funds account for the costs of the cumulative insurance reserve and the working capital for public works, engineering services, storerooms and duplicating, parks and recreation, information technology, and general services on a cost-reimbursement basis. Internal Service Funds were closed at the end of fiscal year 2008

Pension Trust Funds

These funds account for moneys held in trust by the City for pension benefits. The City uses pension trust funds to account for the retirement plans for regular employees, firefighters, police officers, and civilian employees of the Police Department.

Private Purpose Trust Funds

These funds account for moneys held in trust by the City, other than those reported in pension trust funds, under which principal and income benefit individuals, private organizations, or other governments. The City uses private purpose trusts to account for funds held for employee memorials, municipal correctional facility inmate canteen operations, and various donations provided to the City by citizens and other interested parties.

(Continued)

Agency Funds

These funds account for moneys held by the City on behalf of others as their agent The City uses agency funds to account for various special deposits, municipal court appearance bonds, Police Department grants, payroll and insurance benefits, and other various deposits.

Permanent Fund

This permanent fund accounts for moneys held by the City for future preservation of the Liberty Memorial and its museum. The primary source of revenue was the tax collections in excess of $30,000,000 of the ½ of 1% sales tax that was in effect from May 1999 until September 2000 and the interest earned on these collections

(d) Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, income taxes, sales taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance. For example, the calendar 2007 levy is recognized as revenue for the year ended April 30, 2008. Revenues from assessed taxes, principally income, sales, and utility franchise taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized once earned as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources that are susceptible to accrual include property taxes, sales taxes, utility franchise taxes, income taxes, special assessments, interest, and certain state and federal grants and entitlements. All other revenue sources, including licenses and permits, fines and forfeitures, and miscellaneous revenues, are considered to be measurable and available only when cash is received.

(Continued)

Enterprise fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenue includes activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as grants, subsidies, and investment income. Operating expenses include the cost of service, payroll, administrative expenses, contractual services, and depreciation. All expenses not meeting the above criteria are classified as nonoperating.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with, or contradict guidance of, the Governmental Accounting Standards Board (GASB). The City also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

(e) Adoption of New Accounting Pronouncements

Effective May 1, 2007, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 45). This statement establishes accounting and financial reporting standards for employers that participate in a defined benefit "other postemployment benefit" (OPEB) plan. See note 11 for additional information, including the impact of adoption.

Effective May 1, 2007, the City adopted GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* (GASB Statement No. 48). This statement establishes criteria for governments to use to account for the exchange of an interest in their expected receivables or specific future revenues for immediate cash payments. This statement also requires disclosures pertaining to future revenues that have been pledged or sold. Adoption of this statement had no impact on the financial statements other than additional disclosures. See note 16 for additional information

(f) Cash and Cash Equivalents

For purposes of the statements of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

(g) Investments

All investments are reported at fair value. The fair value of marketable securities is based on quotations that are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or national pricing services.

(h) Inventories

Inventories are stated at cost (average or first-in, first-out), which is not in excess of market. Inventories consist primarily of materials and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are used in the proprietary funds. Governmental funds record an expenditure at the time of the purchase of the inventory item. The balance of inventory items in the governmental funds is not considered significant.

(i) ***Capital Assets***

Capital assets include land, buildings, improvements, equipment, fountains, sculptures, monuments, and infrastructure assets (for example, roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets, excluding land, are defined by the City as assets with a cost greater than a certain minimum capitalization threshold and an estimated useful life of at least one year. The minimum capitalization thresholds are $5,000 for equipment and vehicles, $25,000 for land improvements, and $100,000 for building improvements. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets not completed by year-end have been reported as construction in progress.

The City elected the modified approach for certain infrastructure assets (roadway system, bridges and street lighting) and the depreciation approach for the remaining infrastructure assets.

The modified approach for reporting infrastructure assets takes into consideration the fact that many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained. Therefore, these particular assets would not be depreciated over a useful life. The City has established an asset management system and has committed to maintain the following networks of infrastructure assets at a predetermined condition level as determined by the City's Public Works Department; (1) roadway system, (2) bridges, and (3) street lighting. The Required Supplementary Information section of this report provides additional information regarding the condition assessments and the estimated and actual costs to maintain the assets.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. Interest capitalized is computed by applying the effective interest rate on the borrowings each year to the average balance of the applicable costs incurred, net of investment income. Interest in the amount of $3,268,463 was capitalized in 2008.

Property, buildings, equipment, fountains, sculptures, monuments, and infrastructure are depreciated using the straight-line method over the following estimated lives:

	Years
Primary government:	
Buildings and improvements	25 to 100
Improvements other than buildings	10 to 100
Airport, runways, apron, and roads	15
Utility lines and improvements	75
Machinery and equipment	3 to 20
Infrastructure	10 to 30
Water utility plant	50
Other utility plant and equipment	27
Fountains, sculptures and monuments	40

Water utility plants and utility lines and improvements are depreciated on a composite basis over 50 to 75 years. Machinery and equipment are depreciated on a unit basis over 3 to 20 years. At the time of retirement or other disposition of assets for which depreciation is computed on the composite method, the original cost of the assets is removed from the asset and accumulated depreciation accounts, and no retirement gain or loss is recorded. For retirements of assets for which depreciation is computed on the unit method, the asset and related depreciation are removed from the asset and accumulated depreciation accounts. When the asset is sold, the difference between the net carrying value and any proceeds is recorded as income or loss.

(j) *Compensated Absences*

City employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at an annual rate of 10 to 20 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 3.7 hours per two-week pay period, with the exception of firefighters, who accumulate 5.5 hours. The maximum amount of vacation that may be carried forward is two times the amount earned in a year. Sick leave with pay may be accumulated up to a limit of 2,080 hours for labor class employees and 3,000 hours for all others. Upon separation from service, employees may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit. Retiring employees 55 years or older with at least 25 years of creditable service; employees who are to receive a line-of-duty disability pension; and employees who qualify for a City pension and retire with a normal retirement, take early retirement at age 60 or thereafter, or die are entitled to sick leave credit at the rate of two hours of sick leave to one hour of vacation leave credit.

The liability for compensated absences reported in the government-wide and proprietary fund financial statements has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(k) *Long-Term Obligations*

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported in the statements of net assets as liabilities. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective-interest method. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Gains/losses on refunding bonds are deferred and amortized over the shorter of the new bond's life or the remaining life of the refunded bonds. Bonds payable are reported net of the applicable bond premium or discount. For years beginning after April 30, 2002, bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums and discounts, as well as issuance costs are recognized, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Gains/losses on refunding bonds are not broken out separately within the other financing sources/uses section.

(l) *Contingency Liabilities*

Certain debt issuances of entities other than the City to fund tax increment financing projects include a commitment by the City to fund any deficit in principal and interest payments.

The City's annual appropriation pledge is used to backstop shortfalls resulting from insufficient revenues that are pledged to annual debt service payments on certain economic development debt issuances (e.g. TIF, MDFB, LCRA). The City monitors the probability of having to make a payment on these debt issuances. Projected revenues are compared to projected debt service for the remaining life of the obligation. Revenue projections used in the analysis are those that were provided with the approved economic development project. Revenue projections are adjusted as projects mature and historical trends are revealed. Debt service projections are adjusted for variable rate demand obligations. If it is probable that the City will have to fund the deficit the City records a liability for this deficit.

See note 7 (A-92) for additional information.

(m) *Fund Balances*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Encumbrances outstanding at year end are reported as reservations of fund balances because they do not constitute expenditures or liabilities. Such encumbrances serve as authorizations for expenditures in the subsequent year. Designation of fund balances represents tentative plans for future use of financial resources that are subject to change.

(n) Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- *Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed.
- *Unrestricted* – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(o) Interfund Transactions

Transactions between City funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government.

Reimbursements for expenditures made on behalf of another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transfers of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as a transfer in the respective funds' operating statements.

(p) Special Assessments

The City acts as an agent on certain construction projects financed by third-party lenders and repaid by assessments to property owners benefited. The City reports these arrangements in the agency funds, special revenue funds, and enterprise funds as special assessments receivable and deposits.

(q) Contributions and Grants

Government-Wide Financial Statements – Contributions and grants for both capital and operating purposes are broken out by function under program revenues.

Governmental Funds – Contributions and grants for both capital and operating purposes are included in revenues.

Proprietary Funds – Contributions of, or for, capital assets (including those received from other City funds), grants, and assistance received from other governmental units for the acquisition of capital assets are reported in changes in net assets.

(r) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(s) New Accounting Pronouncements Not Adopted

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations (GASB Statement No. 49)*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The City will implement GASB Statement No. 49 beginning with the year ending April 30, 2009.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27* (GASB Statement No. 50). This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The City will implement GASB Statement No. 50 beginning with the year ending April 30, 2009.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB Statement No. 51). This Statement establishes accounting and financial reporting requirements for intangible assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The City will implement GASB Statement No. 51 beginning with the year ending April 30, 2011.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* (GASB Statement No. 52). This Statement establishes consistent standards for the reporting of land and other real estate held as investments by endowments. It requires endowments to report their land and other real estate investments at fair value. The City will implement GASB Statement No. 52 beginning with the year ending April 30, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement is intended to improve how state and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements. The guidance in this statement also addresses hedge accounting requirements and is effective for the City for the year ending April 30, 2011.

The City has not completed its assessment of the impact of the adoption of these statements except for GASB Statement No. 50, as this only impacts disclosures.

(t) Reclassifications

Certain reclassifications have been made to present prior year information.

(2) Deposits and Investments

(a) Primary Government

(i) Deposits

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of demand and time deposits, repurchase agreements, and other investments with maturities of less than five years. At April 30, 2008, the carrying amount (book value) of the City's deposits, including certificates of deposit and the collateralized money market account was $76,412,012 which was covered by federal depository insurance or by collateral held by the City's agents under joint custody agreements in accordance with the City's administrative code. A difference exists between book and bank balances of $10,712,590 due to deposits in transit and other reconciling items.

(ii) Investments – Pooled and Restricted

The City is empowered by City Charter to invest in the following types of securities (excluding pension assets):

1. *United States Treasury Securities (Bills, Notes, Bonds and Strips).* The City may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. *United States Agency/GSE Securities.* The City may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:

   a. *U.S. Govt. Agency Coupon and Zero Coupon Securities.*

   b. *U.S. Govt. Agency Callable Securities* Restricted to securities callable at par only.

   c. *U.S. Govt. Agency Step-Up Securities.* The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate.

   d. *U.S. Govt. Agency Floating Rate Securities.* Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

   e. *U.S. Govt. Agency Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities).* Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than four (4) years when analyzed in a +300 basis point interest rate environment. Restricted to obligations of FNMA, FHLMC and GNMA only.

3. *Repurchase Agreements*. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Bond Market Association's guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

4. *Bankers' Acceptances*. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.

5. *Commercial Paper*. The City may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. (Moody's) or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars ($500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase. In addition, the City's portfolio may not contain commercial paper of any one corporation, the total value of which exceeds 2% of the City's aggregate investment portfolio.

6. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard and Poor's or Moody's.

7. Any full faith and credit obligations of any county in which the city is located rated at least AA or Aa2 by Standard and Poor's or Moody's.

8. Any full faith and credit obligations of any school district in Kansas City, Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.

9. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.

10. Any municipal obligation as defined in (6), (7), (8) or (9) that is not rated but either pre-refunded or escrowed to maturity with U.S. Treasury Securities as to both principal and interest.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Merrill Lynch 1 – 3 year Government/Agency index, and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates. As of April 30, 2008, the City had the following investments and maturities (amounts are in thousands):

		Investment Maturities (In Years)				
	Fair value	Less than 1	1 – 2	2 – 3	3 – 5	Weighted average
Investment type:						
Pooled investments:						
Money market account	$ 35,043	35,043	—	—	—	0.01
Certificates of deposit	23,350	23,350	—	—	—	0.24
Commercial paper	8,000	8,000	—	—	—	0.01
Municipal securities	10,003	—	1,455	—	8,548	3.72
U.S. Treasury bills	9,931	9,931	—	—	—	0.44
U.S. Treasury notes/bonds	119,747	63,328	56,419	—	—	0.96
U.S. Agencies – noncallable	281,275	157,454	21,695	44,708	57,418	1.51
U.S. Agencies – callable	229,961	86,719	—	—	143,242	2.84
Mortgage-backed agency	42,618	23,060	11,425	2,353	5,780	1.22
Total pooled	759,928	406,885	90,994	47,061	214,988	1.70
Non-pooled investments:						
U.S. Agencies – noncallable	69,560	58,066	7,737	—	3,757	0.73
U.S. Agencies – callable	16,885	—	—	2,553	14,332	4.30
Total non-pooled	86,445	58,066	7,737	2,553	18,089	1.43
Grand total	$ 846,373	464,951	98,731	49,614	233,077	1.67

Callable Agency Securities. The City actively monitors its callable bond portfolio with respect to probability of call relative to market rates of interest. As of April 30, 2008, the total fair value of the City's callable bond portfolio (pooled and non-pooled) is $246,846,216.

Mortgage-Backed Securities. The City has invested in collateralized mortgage obligation securities issued by the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA). Details of those securities are as follows:

FHR 2984 A, $10,000,000 original par value. The security was purchased on June 30, 2005, and has a stated final maturity of July 15, 2010. The security has a fixed coupon rate of 5.50% and pays principal and interest monthly. Based on current prepayment speeds using industry-standard modeling, the City's principal amount should be fully retired in September, 2008. At April 30, 2008, the security had a remaining face value of $2,874,371, a book value of $2,874,371, and a fair value of $2,876,167.

FHR 3149 QD, $10,000,000 original par value. The security has a fixed coupon rate of 5.00% and pays principal and interest monthly. The security was purchased on January 5, 2007, and although has a stated final maturity of September 15, 2025, the security is one of the first five tranches to begin receiving principal payments. Based on current prepayment speeds using industry-standard modeling, the City's principal amount should be fully retired in July 2010. At April 30, 2008, the security had a remaining face value of $7,963,346, a book value of $7,922,721, and a fair value of $8,003,163.

FHR 3294 CA, $10,000,000 original par value. The security has a fixed coupon rate of 5.50% and pays principal and interest monthly. The security was purchased on July 18, 2007, and although has a stated final maturity of April 15, 2026, the security is the first tranche to begin receiving principal payments. Based on current prepayment speeds using industry-standard modeling, the City's principal amount should be fully retired in May 2009. At April 30, 2008, the security had a remaining face value of $5,996,748, a book value of $5,967,611, and a fair value of $6,025,326.

FHR 3388 CG, $20,000,000 original par value. The security was purchased on November 30, 2007, and has a stated final maturity of December 15, 2011. The security has a fixed coupon rate of 5.00% and pays principal and interest monthly. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in December 2011. At April 30, 2008, the security had a remaining face value of $16,731,148, a book value of $16,731,148, and a fair value of $16,818,066.

FNR 2005-101 NA, $17,000,000 original par value. The security has a fixed coupon rate of 5.00% and pays principal and interest monthly. The security was purchased on December 12, 2007, and although has a stated final maturity of March 23, 2024, the security is the first tranche to begin receiving principal payments. Based on current prepayment speeds using industry-standard modeling, the City's principal amount will be fully retired in February 2010. At April 30, 2008, the security had a remaining face value of $8,870,557, a book value of $8,870,557, and a fair value of $8,895,851.

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the inability of the counterparty to fulfill its obligation. In order to prevent overconcentration by investment type and thereby mitigate credit risk, the City's investment policy provides for diversification of the portfolio by investment type as follows:

Investment type	Maximum
U.S. Treasury securities and government guaranteed securities	100%
Collateralized time and demand deposits	100
U.S. government agency and GSE securities	80
Collateralized repurchase agreements	50
U.S. Agency callable securities	30
Commercial paper	30
Bankers acceptances	30
Qualified municipal obligations	10

As of April 30, 2008, the City had the following pooled and non-pooled investment balances, which are rated by both Moody's and Standard and Poor's (amounts are in thousands):

Account/investment type		Fair value	Moody's/S&P ratings
U.S. Treasury securities	$	129,678	
U.S. agency securities		640,299	Aaa/AAA
Commercial paper		8,000	A-1+ / P-1
Municipal securities		10,003	Aaa/AAA
Total	$	787,980	

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party (i.e., the City's safekeeping institution).

The City's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102% of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2008, all deposits were adequately and fully collateralized.

The City's investment policy requires that all investment securities be held in the City's name in the City's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2008, all investment securities were in the City's name in the City's safekeeping accounts at its safekeeping institutions. In addition, all collateral securities were in the City's joint custody account(s) at the Federal Reserve Bank and were either U.S. Treasury (U.S. government guaranteed) or U.S. agency (Aaa/AAA rated) obligations.

Concentration of Credit Risk

More than 5% of the City's investments are in the following U.S. agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments are 9%, 27%, 18%, and 20%, respectively, of the City's total investments. In our opinion, the debt securities issued by these agencies do not have an explicit government guarantee, but rather an implied guarantee, and therefore, the City does not impose limits as to the concentration of any one agency. However, total agency securities in the portfolio are limited by the investment policy to 80% of the total portfolio value.

(iii) Investments -- Trustee-Held

In the normal course of business, the City finances various projects by issuing debt in the form of municipal bonds. Cash raised by the issuance of such debt is placed with a trustee bank. All investment activity within such accounts is governed by the City's Investment Policy, except that excess cash is allowed by the bond indentures to be invested in overnight, U.S. Government and U.S. Agency money market funds.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's trustee-held investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any trustee-held security owned to a maximum of five years. In addition, covenants in the bond documents often limit the final maturity of such investments to shorter periods of time. As of April 30, 2008, the City had the following trustee-held investments and maturities (amounts are in thousands):

Investment type	Fair value	Investment Maturities (In Years) Less than 1	1 – 2	2 – 3	3 – 5	Weighted average
Trustee-held investments						
Money market accounts	210,637	210,637	—	—	—	0.01
U.S. agencies – noncallable	20,388	16,183	4,205	—	—	0.58
U.S. agencies – callable	4,773	—	—	4,773	—	2.55
Total	235,798	226,820	4,205	4,773	—	0.10

Credit Risk

Credit risk is the risk that the City will not recover it investments due to the ability of the counterparty to fulfill its obligation. In order to mitigate credit risk, the City limits its trustee-held investment activity to overnight money market funds (as described above), U.S. Government securities and U.S. Agency securities.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the Trustee bank).

As of April 30, 2008, all trustee-held investment securities were in the City's name in the Trustee bank's safekeeping accounts at the Federal Reserve Bank, thereby mitigating custodial credit risk.

(iv) Summary

The following is a complete listing of cash and investments held by the City at April 30, 2008 (in thousands):

Deposits	$	18,054
Investments		846,373
Trustee accounts		235,798
Imprest funds		71
Total	$	1,100,296

The deposits and investments of the City at April 30, 2008 are reflected in the statements of net assets as follows (in thousands):

		Government-wide statement of net assets	Fiduciary funds statement of net assets (excluding pension trusts)	Total
Cash and investments	$	615,605	16,299	631,904
Restricted cash and investments		468,392	—	468,392
	$	1,083,997	16,299	1,100,296

(b) Employees' Retirement System

Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that the Employees' Retirement System (the Plan) investments may include, but are not limited to, obligations of the U.S. government, State of Missouri, and municipal corporations, including school districts, corporate bonds, real estate mortgages, common and preferred stocks, partnerships, collective trusts and derivatives. The Plan purchases investments from U.S. Securities and Exchange Commission registered securities broker-dealers and banks through its investment managers. Investments in U.S. Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

Custodial Credit Risk

The deposits are held in multiple financial institutions with a balance of up to $100,000 insured by the FDIC. The Plan has not established a policy in regard to custodial credit risk. At April 30, 2008, $1,142,892 of deposits were uninsured and uncollateralized.

Cash balances represent both operating cash accounts held by the banks and investment cash on deposit with the investment custodian.

Credit Risk

The Plan's policy is that fixed income securities must have a minimum investment quality of "B" at the time of purchase. The weighted average credit rating of the portfolio must have a minimum investment quality of "A." As of April 30, 2008, the Plan's fixed income assets that are not government guaranteed represented 87.9% of the fixed income portfolio. The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2008.

(Continued)

Average credit quality and exposure levels of nongovernment guaranteed securities (in thousands):

Fixed income security type		Fair value April 30, 2008	Percentage of all nongovernment guaranteed fixed income assets	S&P weighted average credit quality	Ratings dispersion requiring further exposure
Corporate bonds	$	47,356	18.50%	A	See below
Government securities – nonguaranteed		63,850	24.94	AAA	None
Indexed notes and bonds		5,802	2.24	AAA	See below
Collective trusts		138,995	54.29	Not rated	None
Total investments	$	256,003	100.00%		

The following table summarizes ratings dispersion requiring further exposure at April 30, 2008 (in thousands):

Credit rating level		Corporate bonds	Indexed notes and bonds
AAA	$	235	5,802
AA		2,655	—
A		5,337	—
BBB		11,620	—
BB		5,670	—
B		6,747	—
CCC		1,150	—
Not rated		13,942	—
Total	$	47,356	5,802

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios.

Credit risk for derivative instruments held by the Plan results from counterparty risk assumed by the Plan. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Plan's credit risk related to derivatives is found under the derivatives disclosures found below.

Concentration of Credit Risk

The Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S.

government and agency obligations. As of April 30, 2008, there were no investments in any corporate entity greater than 5%. Approximately 5.5% of the Plan's investments are in Federal National Mortgage Association as of April 30, 2008

Interest Rate Risk

This risk is managed within the portfolio using the effective duration of option-adjusted methodology. The Plan's policy is to manage duration to a maximum 25% of underweighting/overweighting relative to the Lehman aggregate bond index.

Effective duration of fixed income assets by security type at April 30, 2008 (in thousands):

Fixed income security type		Fair value April 30, 2008	Percentage of all fixed income assets	Weighted average effective duration (years)
Government securities	$	98,891	33.98%	18.2
Corporate bonds		47,356	16.27	12.8
Indexed notes and bonds		5,802	1.99	16.4
Collective trusts		138,995	47.76	4.7
Total investments	$	291,044	100.00%	

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan's currency risk exposures, or exchange rate risk, primarily reside within the Plan's cash and cash equivalent holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers. There was no exposure to foreign currency risk as of April 30, 2008.

Derivative Financial Instruments

Some of the Plan's managers invest in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets, such as bond and stock prices, a market index, or commodity prices. During the year, derivative investments include futures and options. These derivatives are used to add incremental value at the margin and to hedge or reduce risk. They were used mainly to adjust yield curve exposure, add yield, and adjust the duration of the portfolio. Derivative transactions involve, to varying degrees, credit risk, and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. The Board and senior management of the Plan approve these limits. The Plan's investment consultant reviews the risk positions of the investment managers on a regular basis to monitor compliance with the limits.

The Plan's investment managers utilize financial futures to replicate an underlying security they desire to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Financial futures contracts are also used to improve the yield or adjust the duration of the portfolio. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed-upon price. The market values of the futures contracts vary from the original contract price; a gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off-balance-sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The board's investment managers utilize options in an effort to add value to the portfolio (collect premiums) or protect (hedge) a position in the portfolio. Options are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. As the writer of financial options, the Plan receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the instrument underlying the option. As the purchaser, the Plan pays a premium at the outset of the agreement, and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

The Plan's collective trusts also invest in various derivatives; however, these holdings are not reflected in the following table. The following table presents the futures and options positions held by the Plan as of April 30, 2008 (in thousands):

	April 30, 2008			
	Number of contracts		Contract principal*	Fair value of futures/ options
Domestic:				
Fixed income futures purchased:				
5-year note due June 2008	133	$	14,894	—
U.S. long bond due June 2008	61		7,130	—
Fixed income futures sold:				
10-year note due June 2008	162		18,762	—
Fixed income purchased call options:				
U.S. bond future option due June 2008	10		1,158	—
U.S. bond future option due June 2008	2		234	1
Fixed income written call options:				
U.S. 10-year future option due June 2008	10		1,158	(4)
U.S. 10-year future option due June 2008	78		9,033	(15)
U.S. 10-year future option due June 2008	6		695	(1)
U.S. 10-year future option due June 2008	4		463	—
U.S. 10-year future option due June 2008	39		4,462	(27)
U.S. 10-year future option due Sept 2008	10		1,144	(11)
U.S. bond future option due June 2008	12		1,403	(9)
Fixed income written put options:				
U.S. 10-year future option due June 2008	8		896	(5)
U.S. 10-year future option due June 2008	18		2,016	(23)
U.S. 10-year future option due June 2008	41		4,748	(5)
U.S. 10-year future option due June 2008	26		3,011	(13)
U.S. 10-year future option due June 2008	10		1,158	(9)
U.S. 10-year future option due June 2008	36		4,169	(57)
U.S. 10-year future option due June 2008	6		695	(1)
U.S. bond future option due June 2008	4		468	—
U.S. bond future option due June 2008	26		3,039	(14)
U.S. bond future option due June 2008	12		1,403	(16)
				$ (209)

* Contract principal amounts shown represent the fair value of the underlying assets the contracts control. These are shown to present the volumes of the transactions, but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk. Contract principal values also do not represent actual statement of plan net asset values.

	April 30, 2008		
	Number of contracts	Contract principal*	Fair value of futures/ options
Foreign:			
Fixed income futures purchased:			
90-day Euro future due September 2008	51	51,000	$ —
90-day Euro future due June 2008	131	131,000	—
90-day Euro future due June 2008	30	30,000	—
90-day Euro future due June 2008	37	37,000	—
Fixed income futures sold:			
90-day Euro future due December 2008	1	1,000	—
90-day Euro future due September 2008	2	2,000	—
Fixed income written call options:			
Euro future option due June 2008	4	4,000	—
Euro future option due June 2008	20	20,000	—
Euro future option due June 2008	11	11,000	—
Euro future option due June 2008	8	8,000	—
Euro future option due June 2008	28	28,000	(5)
Euro future option due June 2008	32	32,000	(35)
Euro future option due September 2008	6	6,000	(2)
Euro future option due September 2008	49	49,000	(62)
			$ (104)

* Contract principal amounts shown represent the fair value of the underlying assets the contracts control. These are shown to present the volumes of the transactions, but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk. Contract principal values also do not represent actual statement of plan net asset values.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of Plan net assets.

(c) *Firefighters' Pension System*

Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that the Firefighters' Pension System (the Firefighters' Plan) investments may include, but are not limited to, obligations of the U.S. government, State of Missouri, and municipal corporations, including school districts, corporate bonds, real estate mortgages, and common and preferred stocks. The Firefighters' Plan purchases investments from U.S. Securities and Exchange Commission-registered securities broker-dealers and banks through its investment managers. Investments in U.S. Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

Custodial Credit Risk

The deposits are held by the investment custodian in a short-term money market account and are not insured by the FDIC. The Firefighters' Plan has not established a policy in regard to custodial credit risk. At April 30, 2008, $14,610,755 of deposits were uninsured and uncollateralized.

Credit Risk

As of April 30, 2008, the Firefighters' Plan's fixed income assets that are not government guaranteed represented 100% of the fixed income portfolio. The Firefighters' Plan has not established a policy in regard to credit risk. The following table summarizes the Firefighters' Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2008 (in thousands):

Fixed income security type	Fair value	Percentage of all fixed income assets	Weighted average credit quality
Collective trusts	$ 162,315	100.0%	Not rated

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios.

Concentration of Credit Risk

The Firefighters' Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S. government and agency obligations. As of April 30, 2008, there were no investments in any corporate entity or government agency greater than 5%.

Interest Rate Risk

The Firefighters' Plan has not established a policy in regard to interest rate risk. The following table summarizes the effective duration of fixed income assets by security type at April 30, 2008 (in thousands):

Fixed income security type		Fair value	Percentage of all fixed income assets	Weighted average effective duration years
Collective trusts	$	162,315	100.0%	3.7

Risks and Uncertainties

The Firefighters' Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of the Firefighters' Plan net assets.

(d) Civilian Employees' Retirement System and Police Retirement System

Deposits

The Civilian Employees' Retirement System and Police Retirement System's (the Civilian & Police Plans) deposit policies for custodial credit risk require compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Missouri; bonds of any city, county, school district, or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The Civilian & Police Plans had no bank balances exposed to custodial credit risk at April 30, 2008.

Investments

For the year ended April 30, 2008, Northern Trust was the master custodian for significantly all of the securities of the Civilian & Police Plans. The investments held by the Civilian & Police Plans are managed by 11 Board-Appointed money managers. Each of the money managers has a different asset allocation based on board-approved policy. The Civilian & Police Plans may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, corporate bonds, and equity securities.

Securities Lending Transactions

State statutes and the Civilian & Police Plans' board policies permit the Civilian & Police Plans to use investments of the Civilian & Police Plans to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The Civilian & Police Plans have contracted with Northern Trust as their third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. At April 30, 2008, management believes the Civilian & Police Plans have no credit risk exposure to borrowers because the amounts the Civilian & Police Plans owe the borrowers exceed the amounts the borrowers owe the Civilian & Police Plans. Contracts with the lending agent require it to indemnify the Civilian & Police Plans if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the Civilian & Police Plans for income distributions by the securities' issuers while the securities are on loan; therefore, noncash collateral is not recorded as an asset or liability on the financial statements.

		Civilian	Police
		(In thousands)	
Fair value of securities loaned	$	22,591	134,898
Fair value of cash collateral received from borrowers		22,053	130,312
Fair value of noncash collateral received from borrowers		1,074	7,753
Total market value of collateral	$	23,127	138,065

All securities loans can be terminated on demand by either the Civilian & Police Plans or the borrower. The cash collateral received on each security loan was invested, in accordance with the Civilian & Police Plans investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Civilian & Police Plans are not permitted to pledge or sell collateral received unless the borrower defaults.

At April 30, 2008, the Civilian & Police Plans had the following investments and maturities:

Civilian Employees Retirement System

Type	Fair value	Maturities in years: Less than 1	1–5	6–10	More than 10	Loaned under securities lending agreements
U.S. Treasury obligations	$ 5,445	—	2,002	2,401	1,042	5,077
U.S. agencies obligations	4,803	25	2,999	1,779		1,735
Corporate bonds	14,133	684	6,768	4,218	2,463	1,993
Government-backed mortgage securities	7,066	111	—	—	6,955	—
Money market mutual funds	3,771	3,771	—	—	—	—
		$ 4,591	11,769	8,398	10,460	8,805
Corporate stocks	40,288					13,786
Real estate	3,149					—
Partnerships	1,037					—
Emerging markets	2,924					—
Foreign equities	13,775					—
	$ 96,391					$ 22,591

Police Retirement System

Type	Fair value	Maturities in years: Less than 1	1 – 5	6 – 10	More than 10	Loaned under securities lending agreements
U.S. Treasury obligations	$ 32,128	—	14,090	10,358	7,680	25,404
U.S. agencies obligations	35,210	1,243	23,799	10,168	—	14,102
Municipal bonds	201	201	—	—	—	—
Corporate bonds	107,127	5,333	48,238	33,448	20,108	8,268
Government-backed mortgage securities	53,040	867	—	—	52,173	—
Money market mutual funds	20,136	20,136	—	—	—	—
		$ 27,780	86,127	53,974	79,961	47,774
Corporate stocks	319,895					87,124
Real estate	27,001					—
Partnerships	8,510					—
Emerging markets	22,490					—
Foreign equities	106,875					—
	$ 732,613					$ 134,898

Interest Rate Risk – The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. The debt securities are presented in their respective category based on final maturity date. The Civilian & Police Plans' investment policies do not specifically address exposure to fair value losses arising from rising interest rates.

Credit Risk – It is the Civilian & Police Plans' policies to limit their investments in corporate bonds to those that are rated Baa or better by credit rating agencies. The Civilian & Police Plans' portfolios must have an average rating of A or better in the aggregate as measured by at least one credit rating agency. At April 30, 2008, the Civilian & Police Plans' investments in corporate bonds were rated Baa or better by Standard & Poor's. Additionally, the Civilian & Police Plans' investments in U.S. agencies obligations not directly guaranteed by the U.S government (including Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corporation) were rated AAA by Standard & Poor's, and its investment in money market mutual funds were rated AAA by Standard & Poor's. At April 30, 2008, the municipal bonds of the Police Plan had an average rating of A or better. At April 30, 2008, the Civilian & Police Plans' mutual funds were rated AAA by Standard & Poor's. At April 30, 2008, the Civilian & Police Plans' investments in International LSV and G.E. Asset Management foreign equities funds were not rated.

Custodial Credit Risk – Consistent with the Civilian Employees' Retirement System's securities and lending policy, $22,591,172 was held by the counterparty that was acting as the system's agent in securities lending transactions. In addition, consistent with the Police Retirement System's securities and lending policy, $134,898,317 was held by the counterparty that was acting as the system's agent in securities lending transactions.

Concentration of Credit Risk – The Civilian & Police Plans limit the amounts that may be invested in any one security at 5% to 15% of total plan assets.

Foreign Currency Risk – The Civilian & Police Plans' investment policies permits investments in international equities, American Depository Receipts (ADRs), warrants, rights, 144A securities, convertible bonds, and U.S. registered securities whose principal markets are outside of the United States. All foreign equities held are denominated in U.S. dollars.

(3) Intergovernmental Receivables

Intergovernmental receivables for the year ended April 30, 2008 are as follows (in thousands):

	General	Capital improvements	Nonmajor governmental funds	Kansas City Airports	Total intergovernmental receivables
Federal government grants and reimbursements for:					
Airport improvement programs	$ —	—	—	3,831	3,831
Air quality control	—	—	308	—	308
Federal Aid Urban	2,128	15,070	1,498	—	18,696
HOME investment program	—	—	4,740	—	4,740
Economic development initiative	—	—	2,023	—	2,023
Supportive housing	33	—	—	—	33
HIV surveillance	—	—	52	—	52
Ryan White Title II	—	—	1,581	—	1,581
Foster grandparents	62	—	—	—	62
Housing opportunities for persons with AIDS	—	—	343	—	343
Community development block grant	—	—	1,435	—	1,435
Sexually transmitted disease control	—	—	51	—	51
Brownfields development	33	54	—		87
Lead poisoning prevention	—	—	99	—	99
Other	75	—	1,380		1,455
	2,331	15,124	13,510	3,831	34,796
State of Missouri grants and reimbursements for:					
Motor vehicle fuel tax	—	—	2,553	—	2,553
Gaming tax	—	—	1,731	—	1,731
Hotel and restaurant tax	—	—	3,598	—	3,598
	—	—	7,882	—	7,882
Other governmental units:					
Jackson, Clay, and Platte Counties – replacement tax	5	—	2	—	7
	5	—	2	—	7
Total intergovernmental receivable	$ 2,336	15,124	21,394	3,831	42,685

(Continued)

(4) Tax Revenues

Tax revenues of the governmental funds, including interest and penalties, are as follows (in thousands):

		General	Capital improvement	Nonmajor governmental funds	Total governmental fund tax revenues
Earnings and profit	$	201,283	—	—	201,283
Sales		—	69,221	94,692	163,913
General property		51,150	—	67,445	118,595
Hotel and restaurant		424	—	38,248	38,672
Local option use tax		23,861	—	6,673	30,534
Gaming		—	—	17,552	17,552
Railroad and utility		—	—	2,837	2,837
Cigarette		3,058	—	—	3,058
	$	279,776	69,221	227,447	576,444

The City's property tax is levied each November 1 on the assessed value as of the prior January 1 for all real and personal property located in the City within the counties of Jackson, Platte, Clay, and Cass and is due by December 31. A lien is placed on the personal property effective November 1 and is removed when payment is made. Property taxes are delinquent on January 1 for all properties within Jackson, Platte, Clay, and Cass counties.

Assessed values are established by the Jackson, Clay, Platte, and Cass County assessors subject to review by the counties' Board of Equalization and State Tax Commission. The City is permitted by state statutes to levy taxes up to $1.00 per $100 of assessed valuation for general government purposes other than payment of principal and interest on long-term debt; up to $0.72 per $100 of assessed valuation for public health, hospital, and recreational grounds; up to $0.02 per $100 of assessed valuation for museums; and in unlimited amounts for the payment of principal and interest on long-term debt. Article X, Sections 16 through 24, of the Missouri Constitution, known as the "Hancock Amendment," imposes limits on state and local government taxation and spending. Under the Hancock Amendment, the City may not increase the current levy of any tax, license, or fee above its mandated level without the approval of the required majority of the qualified voters of the City voting thereon. Property tax levies per $100 assessed valuation for the year ended April 30, 2008 follow:

Fund		Levy
General	$	0.6320
Public health		0.6728
Museum		0.0184
Debt service		0.1400
Total general levy rate	$	1.4632

(Continued)

The City collects 2 and 3/8 cents of sales tax for the following purposes:

- One cent for capital improvements authorized through December 31, 2008
- One-half cent for the Kansas City Area Transportation Authority (KCATA), which is reauthorized every two years by state legislature
- One-quarter cent for the City's fire department to be used for operations and improvements, authorized through December 31, 2016
- One-quarter cent to fund a capital plan for public safety, effective October 1, 2002, authorized through June 30, 2011
- Three-eighths cent for the KCATA, effective April 1, 2004, authorized through March 31, 2009

The City collects a convention and tourism tax comprised of the following:

- Two percent on food, beverage, and liquor sales from restaurants (the restaurant tax) The receipts are restricted to capital expenditures, including debt service requirements on KCMAC Bartle Hall Expansion Bonds.
- Seven and one-half percent on gross receipts of hotel and motel room sales (the hotel tax) – 40% of the gross receipts for the Convention and Visitors Bureau, 10% for the neighborhood tourism development fund, and the remaining 50% for operating costs of the Bartle Hall Convention Center.

The City collects an earnings and profits tax equal to the following:

- A levy of 1% on earnings of all Kansas City, Missouri residents and all nonresidents working in Kansas City, Missouri
- A levy of 1% on business net profits

(Continued)

(5) Interfund Receivables, Payables and Transfers

Individual interfund receivable and payable balances at April 30, 2008 are as follows (in thousands):

	Receivables									
	Governmental funds					Enterprise funds				
Payables	Major governmental fund—general	Major governmental fund—capital improvements	Nonmajor governmental funds	Total	Fiduciary funds	Water	Sewer	Total	Total
Major governmental funds:									
General fund	$ —	—	13,516	13,516	1,567	108	342	450	15,533
Capital improvements	—	—	4,609	4,609	—	—	—	—	4,609
Nonmajor governmental funds	—	48,390	9,701	58,091	—	—	—	—	58,091
Total governmental funds	—	48,390	27,826	76,216	1,567	108	342	450	78,233
Major enterprise funds:									
Water	492	—	—	492	—	—	49	49	541
Sewer	210	—	—	210	—	829	—	829	1,039
Total enterprise funds	702	—	—	702	—	829	49	878	1,580
Total	$ 702	48,390	27,826	76,918	1,567	937	391	1,328	79,813

(Continued)

The City initiates interfund receivables and payables for various reasons. The reasons for the major receivables and payables during the current fiscal year are as follows:

General fund payable to nonmajor governmental funds:

- Reimbursement for tax increment financing (TIF) and super-tax increment financing (STIF) activity. Economic activities taxes are collected by the general fund, but are required to be transferred to the TIF and STIF to be passed along to developers through the TIF Commission to reimburse them for costs incurred on TIF/STIF projects.

General fund payable to fiduciary funds:

- Represents employer contributions owed to the pension trust funds.

General fund payable to water and sewer funds:

- Reimbursement for gasoline, garage services, bottled water, lab fees, and snowplowing.

Capital improvement fund payable to nonmajor governmental funds:

- Reimbursement for TIF and STIF activity. Economic activities taxes are collected by the capital improvement fund, but are required to be transferred to the TIF and STIF to be passed along to developers through the TIF Commission to reimburse them for costs incurred on TIF/STIF projects.

Nonmajor governmental funds payable to the capital improvements fund:

- Due to interfund cash borrowing to cover cash deficits

Nonmajor governmental funds payable to nonmajor governmental funds:

- Reimbursement for TIF and STIF activity. Economic activities taxes are collected by various special revenue and capital project funds, but are required to be transferred to the TIF and STIF funds to be passed along to developers through the TIF Commission to reimburse them for costs incurred on TIF/STIF projects.

Water and sewer funds payable to general fund:

- Reimbursement for various operating costs.

Water fund payable to sewer fund:

- Reimbursement for various operating costs.

Sewer fund payable to water fund:

- Reimbursement for various operating costs.

(Continued)

Interfund transfers for the year ended April 30, 2008 are as follows (in thousands):

Transfers out of	Transfers into: Major governmental: General fund	Transfers into: Major governmental: Capital improvements fund	Transfers into: Non major governmental funds	Transfers into: Internal service funds	Total
Major governmental funds:					
General fund	$ —	—	47,580	2,232	49,812
Capital improvements fund	—	—	11,602	360	11,962
Nonmajor governmental funds	1,589	7,835	84,183	4,688	98,295
Internal service funds	3,035	—	320	—	3,355
Total governmental funds	4,624	7,835	143,685	7,280	163,424
Nonmajor enterprise fund	34	—	2,927	—	2,961
Total enterprise funds	34	—	2,927	—	2,961
Total transfers	$ 4,658	7,835	146,612	7,280	166,385

The enterprise funds transfers out reported in the proprietary funds statement of revenues, expenses, and changes in fund net assets is $14,912,000. The difference of $11,951,000 is the result of capital assets being transferred from the Auditorium Plaza Garage fund to the governmental activities. The internal service funds transfers out reported in the proprietary funds statement of revenues, expenses, and changes in fund net assets is $4,335,000. The difference of $980,000 is the result of capital assets being transferred from various internal service funds to the governmental activities.

The government-wide statement of activities reported transfers of $6,620,000 and $37,943,000 of various water, sewer and stormwater lines from the governmental activities to the Water and Sewer funds, respectively. These transfers are recorded as capital contributions in the proprietary funds statement of revenues, expenses, and changes in fund net assets.

(Continued)

The City initiates transfers between funds for various reasons. The reasons for the major transfers during the current fiscal year are as follows:

General fund to nonmajor governmental funds:

- General operating subsidies.
- Economic activities tax is collected by the general fund, but is required to be transferred to the TIF and STIF funds to be passed along to developers through the TIF Commission to reimburse them for costs incurred on TIF/STIF projects.

General fund to internal service funds:

- General operating subsidies.

Capital improvements fund to nonmajor governmental funds:

- Economic activities tax is collected by the capital improvements fund, but is required to be transferred to the TIF and STIF funds to be passed along to developers through the TIF Commission to reimburse them for costs incurred on TIF/STIF projects.

Nonmajor governmental funds to general fund:

- Transfers were made from various nonmajor governmental funds to close out projects funds and the debt service for the Kemper Arena and Municipal Auditorium.

Nonmajor governmental funds to capital improvements fund:

- Transfers were made from various nonmajor governmental funds to fund projects that are expended out of the capital improvements fund.

Nonmajor governmental funds to nonmajor governmental funds:

- Economic activities tax is collected by various nongovernmental funds, but is required to be transferred to the TIF and STIF funds to be passed along to developers through the TIF Commission to reimburse them for costs incurred on TIF/STIF projects.
- Transfers were made from various nonmajor governmental funds to fund debt service for certain general obligation bonds.

Nonmajor governmental funds to internal service funds:

- General operating subsidies.

Internal service funds to general fund:

- To close certain internal service funds.

(Continued)

Internal service funds to nonmajor governmental funds:

- Transfers were made to fund various equipment leases and to close certain internal service funds.

Capital improvements fund to internal service funds.

- To close certain internal service funds.

Nonmajor enterprise fund to general fund:

- To close the auditorium plaza garage fund.

Nonmajor enterprise to nonmajor governmental funds:

- To close the auditorium plaza garage fund

(6) Capital Assets

Capital asset activity for the year ended April 30, 2008 is as follows (in thousands):

	Primary government – governmental activities					
	Balance April 30, 2007 (as previously reported)	Effect of restatement	Balance April 30, 2007 (as restated)	Additions	Deductions	Balance April 30, 2008
Nondepreciable capital assets:						
Land	$ 213,366	—	213,366	99,060	(28)	312,398
Fountains, statues, and monuments	92,684	(92,684)	—	—	—	—
Infrastructure	1,861,033	—	1,861,033	98,962	—	1,959,995
Construction in progress	603,375	142,669	746,044	150,541	(681,283)	215,302
Total nondepreciable capital assets	2,770,458	49,985	2,820,443	348,563	(681,311)	2,487,695
Depreciable capital assets:						
Land improvements	94,671	—	94,671	63,809	(170)	158,310
Buildings and improvements	491,880	24,822	516,702	467,120	—	983,822
Machinery and equipment	142,040	—	142,040	29,529	(11,592)	159,977
Fountains, statues, and monuments	—	92,684	92,684	24,938	—	117,622
Infrastructure	96,271	—	96,271	19,721	—	115,992
Total depreciable capital assets	824,862	117,506	942,368	605,117	(11,762)	1,535,723
Less accumulated depreciation:						
Land improvements	(29,730)	—	(29,730)	(4,717)	8	(34,439)
Buildings and improvements	(163,870)	(310)	(164,180)	(27,361)	—	(191,541)
Machinery and equipment	(75,747)	—	(75,747)	(17,512)	3,066	(90,193)
Fountains, statues, and monuments	—	(20,600)	(20,600)	(2,480)	—	(23,080)
Infrastructure	(31,694)	—	(31,694)	(5,882)	—	(37,576)
Total accumulated depreciation	(301,041)	(20,910)	(321,951)	(57,952)	3,074	(376,829)
Total depreciable capital assets, net	523,821	96,596	620,417	547,165	(8,688)	1,158,894
Total governmental activities capital assets, net	$ 3,294,279	146,581	3,440,860	895,728	(689,999)	3,646,589

Governmental Activities – April 30, 2007 capital asset balances have been restated as disclosed in note 17.

(Continued)

Depreciation expense was charged to functions* as follows (in thousands):

General government	$	6,058
Public safety (fire and police)		6,626
Public works		10,706
Convention facilities		6,625
Culture and recreation		9,876
Neighborhood development		3,300
Health		619
Unallocated		758
Total depreciation expense – governmental activities	$	44,568

* Depreciation expense on Capital assets held by the government's internal service funds is charged to the various functions based on their usage of the assets.

Capital assets at historical cost of $25,334,366 and accumulated depreciation of $13,382,855 were transferred from the Nonmajor Enterprise Fund – Auditorium Plaza Garage to Governmental Activities during FY08. These amounts are included in additions to land, buildings and improvements and machinery and equipment and accumulated depreciation on buildings and improvements and machinery and equipment respectively.

	Primary government – business-type activities			
	Balance April 30, 2007	Additions	Deductions	Balance April 30, 2008
Water:				
Nondepreciable capital assets:				
Land	$ 3,771	—	—	3,771
Construction in progress	43,342	30,150	(8,407)	65,085
Total nondepreciable capital assets	47,113	30,150	(8,407)	68,856
Depreciable capital assets:				
Buildings and improvements	134,138	1,021	—	135,159
Utility lines and improvements	432,507	15,455	—	447,962
Machinery and equipment	54,789	1,615	(474)	55,930
Total depreciable capital assets	621,434	18,091	(474)	639,051
Less accumulated depreciation:				
Buildings and improvements	(60,958)	(2,269)	165	(63,062)
Utility lines and improvements	(51,359)	(5,034)	493	(55,900)
Machinery and equipment	(34,700)	(2,700)	445	(36,955)
Total accumulated depreciation	(147,017)	(10,003)	1,103	(155,917)
Total depreciable capital assets,	474,417	8,088	629	483,134
Total water capital assets	$ 521,530	38,238	(7,778)	551,990

(Continued)

	Primary government – business-type activities			
	Balance April 30, 2007	Additions	Deductions	Balance April 30, 2008
Kansas City airports:				
Nondepreciable capital assets:				
Land	$ 39,048	1,957	(3,143)	37,862
Construction in progress	21,619	50,071	(38,967)	32,723
Total nondepreciable capital assets	60,667	52,028	(42,110)	70,585
Depreciable capital assets:				
Buildings and improvements	549,902	25,728	(2,477)	573,153
Airport runways, aprons, and roads	441,980	18,068	(18,291)	441,757
Machinery and equipment	87,547	5,285	(3,285)	89,547
Total depreciable capital assets	1,079,429	49,081	(24,053)	1,104,457
Less accumulated depreciation:				
Buildings and improvements	(162,149)	(20,245)	2,233	(180,161)
Airport runways, aprons, and roads	(248,051)	(23,244)	12,297	(258,998)
Machinery and equipment	(52,983)	(14,185)	3,278	(63,890)
Total accumulated depreciation	(463,183)	(57,674)	17,808	(503,049)
Total depreciable capital assets, net	616,246	(8,593)	(6,245)	601,408
Total Kansas City airports capital assets	$ 676,913	43,435	(48,355)	671,993

(Continued)

	Primary government – business-type activities			
	Balance April 30, 2007	Additions	Deductions	Balance April 30, 2008
Sewer:				
Nondepreciable capital assets:				
Land	$ 8,472	306	—	8,778
Construction in progress	75,782	28,670	(9,912)	94,540
Total nondepreciable capital assets	84,254	28,976	(9,912)	103,318
Depreciable capital assets:				
Buildings and improvements	275,998	1,453	—	277,451
Utility lines and improvements	458,548	53,527	—	512,075
Machinery and equipment	45,955	2,176	(537)	47,594
Total depreciable capital assets	780,501	57,156	(537)	837,120
Less accumulated depreciation:				
Buildings and improvements	(183,499)	(6,910)	857	(189,552)
Utility lines and improvements	(25,604)	(6,098)	—	(31,702)
Machinery and equipment	(20,049)	(2,555)	468	(22,136)
Total accumulated depreciation	(229,152)	(15,563)	1,325	(243,390)
Total depreciable capital assets, net	551,349	41,593	788	593,730
Total sewer capital assets	$ 635,603	70,569	(9,124)	697,048

(Continued)

CITY OF KANSAS CITY, MISSOURI

Notes to Basic Financial Statements

April 30, 2008

	Primary government – business-type activities			
	Balance April 30, 2007	Additions	Deductions	Balance April 30, 2008
Nonmajor enterprise funds:				
Nondepreciable capital assets:				
Land	$ 2,235	—	(2,235)	—
Construction in progress	649	3,829	—	4,478
Total nondepreciable capital assets	2,884	3,829	(2,235)	4,478
Depreciable capital assets:				
Buildings and improvements	22,244	—	(22,244)	—
Machinery and equipment	856	—	(856)	—
Total depreciable capital assets	23,100	—	(23,100)	—
Less accumulated depreciation:				
Buildings and improvements	(12,160)	(367)	12,527	—
Machinery and equipment	(856)	—	856	—
Total accumulated depreciation	(13,016)	(367)	13,383	—
Total depreciable capital assets, net	10,084	(367)	(9,717)	—
Total nonmajor enterprise capital assets	$ 12,968	3,462	(11,952)	4,478
Total business-type activities capital assets	$ 1,847,014	157,219	(78,724)	1,925,509

(7) Long-Term Obligations

The following is a summary of long-term obligations of the City for the year ended April 30, 2008 (in thousands):

	Payable at April 30, 2007	Additions	Reductions	Payable at April 30, 2008	Amounts due within one year
Primary government:					
Governmental activities:					
General obligation bonds	$ 286,235	40,000	17,580	308,655	16,590
Special assessment debt – full faith and credit	3,490	—	820	2,670	635
Special obligations	—	57,805	—	57,805	900
Bonds – KCMAC	419,791	—	19,798	399,993	11,512
Notes payable – MDFB	633	—	125	508	125
Bonds – PIEA	31,115	—	1,565	29,550	1,680
Bonds – IDA	593,405	114,915	120,180	588,140	5,605
Bonds – other	41,206	—	5,441	35,765	2,803
MTFC loan	—	2,000	—	2,000	172
Notes payable – various	53,939	7,612	10,565	50,986	10,572
Net pension obligation:					
Employees Retirement System	7,877	11,452	13,574	5,755	—
Firefighters Pension System	3,210	8,876	9,858	2,228	—
Net other post-employment benefit obligation	—	12,689	1,664	11,025	—
Compensated absences	22,696	6,111	5,733	23,074	1,270
Claims payable	23,863	8,451	11,025	21,289	5,863
	1,487,460	269,911	217,928	1,539,443	57,727
Add unamortized premium	23,211	5,721	3,244	25,688	—
Less:					
Deferred charge on refunding	23,919	1,048	2,176	22,791	—
Discount	740	1,207	76	1,871	—
Total governmental activities long-term liabilities	1,486,012	273,377	218,920	1,540,469	57,727

The general fund and certain special revenue funds have typically been used in prior years to liquidate the compensated absences, pension, claims payable, and other postemployment benefit obligation liabilities for the governmental activities.

	Payable at April 30, 2007	Additions	Reductions	Payable at April 30, 2008	Amounts due within one year
Business-type activities:					
Water:					
Revenue bonds	$ 158,055	35,000	11,945	181,110	12,530
Capital lease	—	10,808	—	10,808	198
Add unamortized premium	949	—	60	889	—
Less:					
Deferred charge on refunding	1,335	—	310	1,025	—
Discount	49	—	4	45	—
Net pension obligation:					
Employees' Retirement System	1,783	1,735	2,460	1,058	—
Net other post-employment benefit obligation	—	1,271	166	1,105	—
Compensated absences	2,646	873	571	2,948	153
Claims payable	4,322	3,222	2,297	5,247	1,448
Total water	166,371	52,909	17,185	202,095	14,329
Kansas City airports:					
Revenue bonds	385,990	—	15,340	370,650	18,395
Add unamortized premium	4,026	—	655	3,371	—
Less:					
Deferred charge on refunding	2,447	—	615	1,832	—
Discount	1,233	—	77	1,156	—
Net pension obligation:					
Employees' Retirement System	1,413	1,454	1,965	902	—
Net other post-employment benefit obligation	—	1,084	143	941	—
Compensated absences	1,635	776	519	1,892	97
Claims payable	1,133	1,161	790	1,504	415
Total Kansas City airports	390,517	4,475	18,720	376,272	18,907

(Continued)

	Payable at April 30, 2007	Additions	Reductions	Payable at April 30, 2008	Amounts due within one year
Sewer:					
Revenue bonds	$ 190,013	517	9,823	180,707	11,167
Add unamortized premium	3,007	—	178	2,829	—
Less:					
Deferred charge on refunding	26	328	—	354	—
Discount	373	—	353	20	—
Net pension obligation:					
Employees' Retirement System	1,291	1,401	1,883	809	—
Net other post-employment benefit obligation	—	971	126	845	—
Compensated absences	1,792	516	449	1,859	207
Claims payable	2,979	1,414	1,008	3,385	934
Total sewer	198,683	4,491	13,114	190,060	12,308
Nonmajor enterprise funds:					
Revenue bonds	30,980	—	530	30,450	570
Add unamortized premium	136	—	6	130	—
Total nonmajor enterprisefunds	31,116	—	536	30,580	570
Total business-type activities long-term liabilities	$ 786,687	61,875	49,555	799,007	46,114

(Continued)

	Payable at April 30, 2007	Additions	Reductions	Payable at April 30, 2008	Due within one year
Component units:					
LCRA:					
Long-term debt	$ 13,160	—	13,160	—	—
TIF:					
Long-term debt	201,856	15,210	2,635	214,431	4,510
Reimbursable developer project costs	308,523	16,402	43,499	281,426	—
Police Department:					
Police Retirement System	642	22,837	15,747	7,732	—
Civilian Retirement System	6,671	5,119	3,372	8,418	—
Compensated absences	29,876	2,744		32,620	7,082
Net other post-employment benefit obligations	—	2,155	254	1,901	—
Other component units:					
EDC:					
Loan payable	2,144	1,467	2,940	671	665
MAST:					
Long-term debt	4,705	—	415	4,290	440
Port Authority:					
Long-term debt	1,227	—	814	413	413
American Jazz Museum:					
Long-term debt	21	—	21	—	—
Total component units long-term liabilities	$ 568,825	65,934	82,857	551,902	13,110

(Continued)

The annual requirements to retire bonds and notes outstanding on April 30, 2008, including interest payments, are as follows (in thousands):

Governmental Activities

	General Obligation Bonds						Special assessment							
	General obligation		Street light Full faith and credit		Neighborhood improvement district Full faith and credit		Full faith and credit		Special Obligation		KCMAC		Notes payable MDFB	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 9,065	11,507	7,495	3,053	30	23	635	180	900	2,501	11,512	21,070	125	33
2010	9,625	11,494	6,700	2,704	30	22	655	137	2,860	2,568	23,240	20,923	125	25
2011	8,075	11,040	4,300	2,384	30	21	680	93	1,370	2,465	15,205	15,074	125	17
2012	7,475	10,654	4,455	2,211	30	20	700	47	1,475	2,417	17,040	14,414	133	9
2013	10,830	10,275	4,470	2,031	35	19	—	—	1,605	2,365	14,595	13,593	—	—
2014–2018	52,295	44,430	33,520	5,055	190	72	—	—	10,315	10,758	86,100	56,732	—	—
2019–2023	77,105	29,395	2,905	365	190	24	—	—	12,875	8,330	83,361	62,752	—	—
2024–2028	69,805	9,719	—	—	—	—	—	—	17,305	4,897	49,356	77,148	—	—
2029–2033	—	—	—	—	—	—	—	—	9,100	938	70,509	73,681	—	—
2034–2038	—	—	—	—	—	—	—	—	—	—	29,075	1,623	—	—
2039–2043	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	$ 244,275	138,514	63,845	17,803	535	201	2,670	457	57,805	37,239	399,993	357,010	508	84

					Bonds – Other									
	PIEA		IDA		Bonds payable – LCRA Muehlbach/ Americana		Contingent		MTFC loan		Notes payable various		Total	
Fiscal year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 1,680	1,799	5,605	31,301	2,480	1,219	323	211	172	77	10,572	1,897	50,594	74,871
2010	1,785	1,699	7,920	30,923	2,625	1,119	324	211	203	77	8,995	1,463	65,087	73,365
2011	1,915	1,590	11,710	30,498	2,725	1,014	324	211	203	68	9,072	1,100	55,734	65,575
2012	2,055	1,472	12,405	29,924	2,870	919	324	211	203	59	8,226	744	57,391	63,101
2013	2,205	1,344	13,550	29,274	2,985	804	324	211	203	51	6,820	448	57,622	60,415
2014–2018	10,195	4,513	84,625	134,613	13,290	2,089	1,617	1,054	1,016	128	7,301	246	300,465	259,690
2019–2023	8,520	1,815	108,275	109,236	2,320	93	1,617	1,054	—	—	—	—	297,168	213,064
2024–2028	1,195	102	122,200	78,853	—	—	1,617	1,054	—	—	—	—	261,478	171,773
2029–2033	—	—	134,715	41,523	—	—	—	—	—	—	—	—	214,324	116,142
2034–2038	—	—	59,210	16,550	—	—	—	—	—	—	—	—	88,285	18,173
2039–2043	—	—	27,925	2,159	—	—	—	—	—	—	—	—	27,924	2,159
Total	$ 29,550	14,334	588,140	534,854	29,295	7,257	6,470	4,217	2,000	460	50,986	5,898	1,476,072	1,118,328

(Continued)

Business-Type Activities and Component Units

Business-type activities:

Fiscal year	Water Principal	Water Interest	Kansas City airports Principal	Kansas City airports Interest	Sewer Principal	Sewer Interest	Nonmajor enterprise funds Principal	Nonmajor enterprise funds Interest	Total business-type activities Principal	Total business-type activities Interest
2009	$ 12,728	8,414	18,395	18,117	11,167	8,562	570	1,408	42,860	36,501
2010	13,981	8,386	19,035	17,172	11,521	8,043	605	1,385	45,142	34,986
2011	12,552	7,706	18,750	16,209	11,891	7,510	675	1,359	43,868	32,784
2012	13,407	7,125	19,665	15,245	12,313	6,942	780	1,330	46,165	30,642
2013	12,302	6,503	20,375	14,264	11,988	6,359	830	1,298	45,495	28,424
2014–2018	59,358	23,759	138,415	51,774	55,907	22,699	5,100	5,876	258,780	104,108
2019–2023	45,975	11,107	82,660	22,617	41,045	10,776	7,075	4,313	176,755	48,813
2024–2028	21,615	2,331	53,355	5,974	15,075	3,926	9,985	2,348	100,030	14,579
2029-2033	—	—	—	—	9,800	1,098	4,830	232	14,630	1,330
2034–2038	—	—	—	—	—	—	—	—	—	—
2039–2043	—	—	—	—	—	—	—	—	—	—
Total	$ 191,918	75,331	370,650	161,372	180,707	75,915	30,450	19,549	773,725	332,167

Component unit activities:

Fiscal year	TIF Principal	TIF Interest	Other component units Principal	Other component units Interest	Component units activities Principal	Component units activities Interest
2009	$ 4,510	11,708	1,518	262	6,028	11,970
2010	4,640	11,476	472	216	5,112	11,692
2011	5,385	11,214	490	184	5,875	11,398
2012	7,365	10,874	515	158	7,880	11.032
2013	7,005	10,487	545	130	7,550	10,617
2014–2018	49,775	45,392	1,834	204	51,609	45,596
2019–2023	64,341	30,044	—	—	64,341	30,044
2024–2028	64,080	16,049	—	—	64,080	16,049
2029–2033	7,330	395	—	—	7,330	395
Total	$ 214,431	147,639	5,374	1,154	219,805	148,793

(Continued)

Bonds payable at April 30, 2008 are comprised of the following individual issues:

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price		Outstanding balance
General Obligation Bonds:					
Chouteau Bridge Project Series 1996B	May 1, 2011	4.20% – 7.00%	Bonds maturing on and after 5/1/07 are subject to the following redemptions: 100%, as a whole at any time or in part, on any interest payment date	$	3,365,000
Refunding (Crossover), Series 1998A	September 1, 2012	4.00% – 5.25%	Bonds maturing on and after 3/1/09 are subject to the following optional redemptions: 3/1/08 to 2/28/09 – 101%; 3/1/09 to 2/28/10 - 100.5% and 3/1/10 and thereafter, as a whole at any time or in part in any interest payment date.		19,975,000
Downtown/Neighborhood Series 2003F	February 1, 2023	2.50% – 5.00%	The bonds maturing on and after 2/1/14 are subject to optional redemption on: 2/1/2013 and thereafter – 100% as a whole at any time or in part, on any interest payment date		17,825,000
Kansas City Zoo/Liberty Memorial/Other Cap Imp. Series 2004F	February 1, 2024	3.00% – 5.00%	The bonds maturing on and after 2/1/15 are subject to the following optional redemptions: 2/1/14 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.		88,025,000
Kansas City Zoo/Liberty Memorial/Other Cap Imp, Series 2007A	February 1, 2027	5.00%	The bonds maturing on and after 2/1/18 are subject to the following optional redemptions: 2/1/17 and thereafter – 100%, as a whole or in part at any time.		75,085,000
Kansas City Capital Improvement/Zoo	February 1, 2028	3.00% – 5.00%	The bonds maturing on and after 2/1/19 are subject to the following optional redemptions: 2/1/18 and thereafter – 100%, as a whole or in part at any time.		40,000,000
Total General Obligation Bonds Outstanding				$	244,275,000
General Obligation Bonds					
Streetlight Project, Series 2000A	February 1, 2010	5.13% – 6.00%	The bonds maturing on and after 2/1/11 are subject to the following optional redemption: 2/1/10 to 1/31/11 – 101%; 2/1/11 to 1/31/12 – 100.5%; 2/1/12 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	$	6,745,000
Streetlight Project, Series 2002A	February 1, 2022	3.80% – 5.10%	The bonds maturing on and after 2/1/13 are subject to the following optional redemptions: 2/1/12 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.		8,290,000
Streetlight Project, Series 2007A	February 1, 2017	4.00% – 5.00%	Optional redemption is not applicable to the streetlight refunding portion of Series 2007A. The streetlight refunding portion matures on 2/1/2017		48,810,000
Total General Obligation Bonds Streetlight Projects Outstanding				$	63,845,000

(Continued)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price	Outstanding balance
General Obligation Bonds NID:				
General Obligation Bonds NID Series 2002B	March 1, 2022	1.60% to 4.90%	Bonds maturing on and after 3/1/11 are subject to the following optional redemptions: 3/1/10 to 2/28/11 – 102%; 3/1/11 to 2/29/12 – 101%; 3/1/12 and thereafter – 100%, as a whole at any time or in part, on any interest payment date	$ 535,000
Total General Obligation NID Bonds Outstanding				$ 535,000
Sewer Improvement Series 1997A (SRF)	January 1, 2012	3.95% to 6.75%	The bonds are not subject to optional redemptions.	$ 2,670,000
Total General Obligation Bonds Special Assessments Outstanding				$ 2,670,000
Special Obligation Bonds:				
KCMO Special Obligation Bonds, 2008A (Various Projects)	March 1, 2028	3.00% – 5.00%	The Bonds maturing in the year 2019 and thereafter are subject to redemption in whole or in part, at the option of the City, on any day on and after March 1, 2018, at par, plus interest accrued to the redemption date.	$ 28,495,000
KCMO Special Obligation, Series 2008B (East Village)	April 15, 2031	3.75% – 5.00%	The Series 2008B Bonds maturing in the year 2019 and thereafter are subject to redemption and payment prior to maturity, at the option of the City, on and after April 15, 2018, in whole or in part at any time, at par plus interest accrued to the redemption date.	29,310,000
Total Special Obligation Bonds Outstanding				$ 57,805,000
KCMAC Bonds:				
KCMAC Bonds Bartle Hall, Series 1990B-1 (non-refunded portion CABS)	April 15, 2010	7.10% - 7.25% (yield to maturity)	Remaining unrefunded CABS are not subject to optional call	$ 1,260,006
KCMAC Bonds Bartle Hall Expansion, Series 1991B (non-refunded portion CABS)	April 15, 2010	6.85% - 6.95% (yield to maturity)	Remaining unrefunded CABS are not subject to optional call.	2,287,108
KCMAC Bonds Leasehold Refunding (Truman Medical Center), Series 1998B	December 1, 2011	3.75% - 4.80%	Bonds maturing on and after 12/1/07 are subject to the following optional redemptions: 12/1/07 to 11/30/08 – 101.5%; 12/1/08 to 11/30/09 – 101%; 12/1/09 to 11/30/10 – 100.5%; 12/1/10 and thereafter – 100% as a whole at any time or in part, on any interest payment date.	3,735,000
KCMAC Bonds, 11th & Oak Garage, Series 1999A	March 1, 2019	3.30% – 5.125%	Bonds maturing on and after 3/1/10 are subject to the following redemptions: 3/1/9 to 2/28/10 – 101%; 3/1/10 to 2/28/11 – 100.5%; 3/1/11 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	4,185,000
KCMAC Bonds Streetlight Portion, Series 1999A	March 1, 2009	3.30% – 4.45%	Portion of KCMAC Series 1999A have no optional redemptions. Bonds mature 3/1/09.	245,000

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price		Outstanding balance
KCMAC Bonds 11th & Oak Garage Series 2001A	March 1, 2019	4.00% – 5.00%	Bonds maturing on and after 3/1/12 are subject to the following optional redemptions: 3/1/11 to 2/29/12 – 101%; 3/1/12 to 2/28/13 – 100.5%; 3/1/13 and thereafter – 100%, as a whole at any time or in part on any interest payment date.	$	19,830,000
KCMAC Bonds Zona Rosa, Prospect North, Fairyland Series 2001B-1	April 1, 2021	3.50% – 5.00%	Bonds maturing on 4/1/10 are subject to the following optional redemption: 4/1/09 and thereafter – 100% as a whole or in part, at any time.		17,330,000
KCMAC Bonds Zona Rosa, ERP and Refunding, Series 2003C	April 1, 2023	2.50% – 5.00%	Bonds maturing on and after 4/1/14 are subject to the following optional redemption: 4/1/13 and thereafter – 100%, as a whole or in part, at any time.		36,095,000
KCMAC Bonds Tow Lot & Prospect North, Series 2004B-2 Series 2004B-3	April 15, 2024	2.13% – 4.25%	Bonds are subject to redemption at the following optional redemption: 4/15/14 and thereafter – 100%, as a whole or in part, at any time.		7,990,000
KCMAC Bonds Bartle, Series 2004B-1 (CABS)	April 15, 2032	4.82% – 5.34% (CAB's yield)	CABs are not subject to optional call		64,411,041
KCMAC Bonds Bartle, Series 2004A (See footnote regarding Swap Agreement)	April 15, 2034	Variable Rate Bonds – initially bonds bear interest at a weekly interest rate	Bonds bearing interest at a weekly interest rate are subject to optional redemption in whole or in part, at any time at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date		80,885,000
KCMAC Bonds Bartle Series 2005 (See footnote regarding Swap Agreement)	April 15, 2025	Variable Rate Bonds – initially bonds bear interest at a weekly interest rate	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time at price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.		20,610,000
KCMAC Bonds Municipal Auditorium Parking Garage/ Music Hall and Bartle Hall, Series 2006A	April 15, 2026	4.25% – 5.00%	Bonds maturing in the years 2017, 2021 through 2026, inclusive, and $6,500,000 in aggregate principal amount maturing in the year 2020 are subject to optional redemption on and after 4/15/16, in whole or in part at any time at a price equal to 100%.		125,875,000
KCMAC Bonds Kemper Arena Refunding, Series 2006B	April 15, 2016	3.50% – 4.00%	The bonds are not subject to optional call.		15,255,000
Total KCMAC Bonds Outstanding				$	399,993,155
Missouri Development Finance Board (MDFB Bonds):					
MDFB Loan Harley Davidson	December 1, 2011	6.50%	Not applicable	$	507,500
MDFB Bonds Valentine Shopping Center, Series 1998	April 1, 2018	6.90%	Bonds maturing on and after 4/1/08 are subject to the following optional redemptions: 4/1/08 to 3/31/09 – 102%; 4/1/09 to 3/31/10 – 101%; 4/1/10 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.		*$0.00 (See page A-92)
Total Bonds Outstanding				$	507,500

(Continued)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price	Outstanding balance
Planned Industrial Expansion Authority (PIEA) Bonds:				
PIEA Bonds Taxable Lease Revenue Refunding, Series 1998	July 1, 2014	5.45% – 6.25%	Bonds maturing on and after 7/1/09 are subject to the following optional redemptions: 7/1/08 and thereafter – 100%, as a whole at any time or in part, on any interest payment date	$ 9,090,000
PIEA Bonds Taxable Lease Revenue (Kemper Garage) Series 2001	July 1, 2021	4.95% – 7.00%	Bonds maturing on and after 7/1/12 are subject to the following optional redemptions: 7/1/11 to 6/30/12 – 101%; 7/1/12 to 6/30/13 – 100.5%; 7/1/13 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	13,255,000
PIEA Bonds Taxable Lease Revenue (300 Wyandotte) Series 2005	January 1, 2025	4.90% – 5.70%	Bonds maturing in the year 2017 and thereafter are subject to the following optional redemptions: 1/1/16 and thereafter – 100%; as a whole or in part at any time	7,205,000
Total PIEA Bonds Outstanding				$ 29,550,000
Industrial Development Authority (IDA) Bonds				
IDA Bonds Century Towers Project, Series 2001	July 1, 2021	3.35% – 6.82%	The Series 2001 bonds shall be subject to redemption and payment prior to maturity, as a whole at any time or in part on the first business day of any month, at a redemption price equal to the sum of (a) 100% of the principal amount thereof and (b) the amount of the Breakage Premium and accrued interest to the redemption date	$ 16,590,000
IDA Bonds KC Live Project, Series 2005A & B	December 1, 2032	4.00% – 5.25%	Following the Fixed Rate conversion date, the Series 2005A bonds maturing on or after December 1, 2018 are subject to redemption and payment prior to maturity, at the option of the Authority, which is at the written direction of the City, in whole or in part at any time, on and after December 1, 2017 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date thereof.	114,915,000
IDA Bonds KC Live Project, Series 2005 B	December 1, 2032	Variable Rate Bonds: initially bonds bear interest at a weekly interest rate	The Series 2005 Bonds bearing interest at a weekly interest rate are subject to optional redemption in whole or in part at any time at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	64,985,000

(Continued)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price		Outstanding balance
IDA Bonds Downtown Arena, Series 2005C & D	April 1, 2040	Variable Rate Bonds: initially bonds bear interest at a weekly interest rate	The Series 2005 Bonds bearing interest at a weekly interest rate are subject to optional redemption in whole or in part at any time at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	$	199 530,000
IDA Civic Mall/Cherry Inn Series 2006C	December 1 2015	4.00% - 5.00%	Series 2006C Bonds are not subject to optional call.		5,075,000
IDA Bonds Downtown Arena. Series 2006E	April 1, 2040	Variable Rate Bonds: initially bonds bear interest at a weekly interest rate	The Series 2006E Bonds bearing interest at a weekly interest rate are subject to optional redemption in whole or in part at any time at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date		29 140,000
IDA Bonds -- KC Live Project KC Live Project Series 2006A & B Series 2006A & B	December 1, 2032	Variable Rate Bonds: initially bonds bear interest at a weekly interest rate	The Series 2006 Bonds bearing interest at a weekly interest rate are subject to optional redemption in whole or in part at any time at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date		115.000,000
IDA Bonds Uptown/Midtown Refunding Series 2007A	April 1, 2022	4 00% – 5.00%	Bonds maturing in the year 2018 and thereafter are subject to the following optional redemption: 4/1/17 and thereafter – 100%; as a whole or in part at any time		42,905,000
Total IDA Bonds outstanding				$	588,140,000
Land Clearance for Redevelopment Authority (LCRA) Bonds:					
LCRA Bonds Muehlebach/ Municipal Auditorium Parking Garage, Series 2005E	December 1 2018	3 50% - 5.00%	Bonds maturing on and after 12/1/16 are subject to the following optional redemption: 12/1/2015 and thereafter – 100%, as a whole or in part at any time		29,295,000
Total LCRA Bonds outstanding				$	29,295,000
Tax Increment Financing – Contingent (TIF) Bonds:					
TIF Chouteau Revenue Bonds, Series 2003 A&B	March 1 2024	Variable Rate Bonds initially bonds bear interest at a weekly interest	While the Series 2003 Bonds accrue interest at weekly rates, the bonds are subject to redemption and payment prior to maturity in whole or in part on any business day at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.*	$	*0.00 (See page A-92)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price	Outstanding balance
TIF President Hotel Revenue Bonds, Series 2004	March 1, 2028	Variable Rate Bonds initially bonds bear interest at a weekly interest	While the Series 2004 Bonds accrue interest at weekly rates, such bonds are subject to redemption and payment prior to maturity, in whole or in part on any business day at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.*	*0.00 (See page A-92)
TIF Blue Parkway Town Center, Series 2004	July 1, 2027	3.50% – 5.00%	Bonds maturing on and after 7/1/14 are subject to optional redemption at par in whole or in part at any time equal to 100% of par amount.	6,469,760 (*See page A-92)
TIF 909 Walnut Revenue Bonds, Series 2005	February 1, 2024	Variable Rate Bonds initially bonds bear interest at a weekly interest	Series 2005 Bonds that bear interest at daily rates or weekly rates are subject to redemption and payment prior to maturity, in whole or in part, in authorized denominations, on any business day, at a redemption price equal to 100% of the principal amount redeemed.	*$0.00 (*See page A-92)
Total TIF Contingency Liability				$ 6,469,760
MTFC Loan:				
MTFC Loan (Paseo Bridge)	November 19, 2017	4.20%	Not applicable	$ 2,000,000
Total MTFC Loan Outstanding				$ 2,000,000
Water Revenue Bonds, Leases and Loans:				
Revenue Bonds Water Refunding, Series 1996A	December 1, 2009	4.15% – 5.10%	Bonds maturing on and after 12/1/07 are subject to the following optional redemptions: 12/1/07 – 11/30/08 – 100.5%; 12/1/08 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	$ 8,135,000
Revenue Bonds Water Refunding, Series 1998A	December 1, 2014	4.10% – 5.00%	Bonds maturing on and after 12/1/09 are subject to the following optional redemptions: 12/1/08 – 11/30/09 -101%; 12/1/09 – 11/30/10 -100.5%; 12/1/10 and thereafter-100%, as a whole at any time or in part, on any interest payment date.	25,005,000
Revenue Bonds Water Refunding, Series 1998B	December 1, 2018	4.75% – 5.00%	Bonds maturing on and after 12/1/09 are subject to the following optional redemptions: 12/1/08 - 11/30/09 -101%; 12/1/09 – 11/30/10 -100.5%; 12/1/10 and thereafter-100%, as a whole at any time or in part, on any interest payment date	9,580,000
Revenue Bonds Water, Series 1996B	December 1, 2016	5.00% – 6.00%	Bonds maturing on and after 12/1/07 are subject to the following optional redemptions: 12/1/07 – 11/30/08 – 100.5%; 12/1/08 and thereafter – 100%, as a whole at any time or in part, on any interest payment date.	16,080,000
Revenue Bonds Water, Series 2000A	December 1, 2020	5.00% – 5.80%	The bonds maturing on 12/1/11 are subject to the following redemption: 12/1/2010 and thereafter - 100%, as a whole at any time or in part, on any interest payment date.	18,515,000
Revenue Bonds Water, Series 2002C	December 1, 2022	3.00% – 5.00%	Bonds maturing on and after 12/1/12 are subject to the following optional redemptions: 12/1/11 and thereafter – 100% as a whole at any time or in part, on any interest payment date	14,045,000

(Continued)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price	Outstanding balance
Revenue Bonds Water, Series 2004D	December 1, 2023	2.50% – 5.00%	Bonds maturing on and after 12/1/14 are subject to the following optional redemptions: 12/1/2013 and thereafter – 100% as a whole at any time or in part on any interest payment date.	24,750,000
Revenue Bonds Water, Series 2005F	December 1, 2024	3.25% – 5.00%	Bonds maturing on and after 12/1/16 are subject to the following optional redemptions: 12/1/15 and thereafter – 100% as a whole at any time or in part on any interest payment date.	30,000,000
Revenue Bonds, Water AMR Lease, 2007 Energy Loan	December 1, 2027	4.66%	Bonds may be called redemption and payment prior to their stated maturity on June 1, 2018 and thereafter 100% as a whole or in part at any time in such amounts for each stated maturity.	35,000,000
Water AMR Lease 2007	May 25, 2017	3.99%	Not Applicable	10,808,000
Total Water Revenue Bonds leases, and loans				$ 191,918,000
Sewer Revenue Bonds, Leases and Loans:				
Revenue Bonds Sewer System, Series 1992B (SRF)	July 1, 2013	4.50% – 6.55%	Original optional redemption was as follows: Bonds maturing 7/1/08 and 7/1/13 may be called for redemption and payment in whole or in part on each June 1 and December 1 – 100%. This optional redemption was amended by Ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period	$ 555,000
Revenue Bonds Water Pollution Control, Series 1995B (State Revolving Fund)	January 1, 2015	4.50% – 7.75%	Original optional redemption was as follows: Bonds maturing on and after 1/1/06 may be called for redemption in whole or in part on each June 1 and December 1 – 100%. This optional redemption was amended by Ordinance No 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	9,570,000
Revenue Bonds Water Pollution Control, Series 1996A (State Revolving Fund)	January 1, 2016	3.60% – 7.00%	Original optional redemption was as follows: Bonds maturing on and after 1/1/07 may be called for redemption in whole or in part on any date at 100%. This optional redemption was amended by Ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	12,845,000

(Continued)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price	Outstanding balance
Revenue Bonds Sewer, Series 1997A, State Revolving	January 1, 2017	3.95% – 5.75%	Original optional redemption was as follows: Bonds maturing on and after 1/1/08 may be called for redemption in whole or in part on any date with the consent of bondowner or on each interest payment date commencing 1/1/07 at the following redemption dates and prices: 1/1/07 to 12/31/07 – 101%; 1/1/08 to 12/31/08 – 100.5%; 1/1/09 and thereafter – 100%. This optional redemption was amended by Ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period	$ 11,210,000
Revenue Bonds Sewer, Series 1998A, State Revolving	January 1, 2019	3.90% – 5.25%	Bonds maturing on and after1/1/09 are subject to redemptions in whole or in part on any date with the consent of the bondholder or on each June 1 and December 1 at the following redemption prices: 6/1/08 – 5/31/09 – 101%; 6/1/09 – 5/31/10 – 100.5%; 6/1/10 and thereafter – 100%.	6,070,000
Revenue Bonds Sewer, Series 1999A, State Revolving	January 1, 2020	3.625% – 5.25%	Original optional redemption was as follows: Bonds maturing on and after 1/1/10 may be called for redemption in whole or in part on any date with the consent of the bondowner or on each June 1 and December 1 at the following redemption dates and prices: 6/1/09 to 5/31/10 - 101% 6/1/10 to 5/31/11 - 100.5% 6/1/11 and thereafter- 100% This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	4,140,000
Revenue Bonds Sewer, Series 2000A, State Revolving	July 1, 2020	4.60% – 5.75%	Original optional redemption was as follows: Series 2000A Bonds maturing on 7/1/11 may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the bondowner or each June 1 and December 1, commencing 6/1/10 at the redemption price of 100%. This optional redemption was amended by Ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period	9,000,000

(Continued)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price		Outstanding balance
Revenue Bonds Sewer. Series 2000B, State Revolving	July 1, 2020	4.25% – 5.625%	Original optional redemption was as follows: Series 2000B Bonds maturing 7/1/13 may be called for redemption and payment prior to maturity in whole or in part on any date on and after 9/1/10 with the consent of the bondowner or on each June 1 and December 1, commencing 12/1/10 at the redemption price of 100% This optional redemption was amended by Ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period	$	8 110,000
Revenue Bonds Sewer Refunding, Series 2001A	March 1, 2012	3.75% – 4 25%	No optional call		2,655,000
Revenue Bonds Sewer, Series 2001B, State Revolving	July 1, 2022	3.00% – 5.375%	Bonds maturing on 7/1/22 may be called for redemption and payment prior to maturity in whole or in part on any date on and after 6/1/11 with the consent of bondowner or on each June 1 and December 1 commencing 6/1/11 without premium.		13,405,000
Revenue Bonds Sewer. Series 2002D-1	January 1, 2022	4.00% – 5.375%	Bonds maturing on 1/1/13 may be called for redemption, in whole or in part on 1/1/12 and on any date thereafter at par.		8 550,000
Revenue Bonds Sewer, Series 2002D-2	January 1, 2012	4.00% – 6.00%	No optional call.		1,095,000
Revenue Bonds Sewer Series 2002J	July 1 2022	2.00% – 5 50%	The bonds maturing on 7/1/13 and thereafter may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of bondholder or on each June 1 and December 1, commencing 12/ 1/12 without premium.		7,970,000
Revenue Bonds Sewer Series 2004A	January 1, 2024	2 00% – 4 75%	Bonds maturing on and after 1/1/15 are subject to the following optional redemptions: 1/1/14 and thereafter - 100%, as whole at any time or in part on any interest payment date.		16,805,000
Revenue Bonds Sewer, Series 2004H	January 1, 2025	3.00% – 5.25%	Bonds maturing on 1/1/15 and thereafter, except as provided below, may be called for redemption prior to maturity in whole or in part on any date with the consent of the bondowner or on each June 1 and December 1, commencing 12/1/13 at the redemption price of 100%. Bonds maturing on 1/19, 1/20 and 1/21 are not subject to redemption.		9 145,000

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price		Outstanding balance
Revenue Bonds Sewer, Series 2005B	January 1, 2025	3.00% – 5.00%	Bonds maturing on and after 1/1/16 are subject to the following optional redemption: 1/1/15 and thereafter - 100%, as a whole at any time or in part, on any interest payment date.	$	13,905,000
Revenue Bonds Sewer Series 2007A	January 1, 2032	4.00% – 5.00%	Bonds maturing on and after 1/1/18 are subject to the following optional redemption: 1/1/17 and thereafter - 100%, as a whole or in part at any time		40,000,000
Total Sewer Revenue Bonds Outstanding				$	175,030,000
Storm Water Loan:					
Storm Water Loan, Series 2000	December 1, 2020	1.70%	Not applicable.	$	875,900
Storm Water Loan, Series 2001 & 2002	December 1, 2021	1.60%	Not applicable		4,284,000
Storm Water Loan, Series 2007	June 1, 2027	1.40%	Not applicable		517,300
Total Storm Water Bonds Outstanding				$	5,677,200
Airport Revenue Bonds Gen Impr Refunding Series 1997A	September 1, 2014	5.30% – 5.50%	Bonds maturing on and after 9/1/08 are subject to the following redemptions: 9/1/07 to 8/31/08 – 101.5%; 9/1/08 to 8/31/09 – 101.0%; 9/1/09 to 8/31/10 – 100.5%; 9/1/10 and thereafter-100.0%, as a whole at any time or in part, on any interest payment date.	$	29,495,000
Airport Revenue Bonds Gen Impr. Refunding, Series 1999A	September 1, 2008	5.00% – 5.25%	No optional redemptions		1,355,000
Airport Revenue Bonds Gen Imp, Series 2003A	September 1, 2027	3.60% – 5.75%	Bonds maturing on and after 9/1/13 are subject to the following optional redemption: 9/1/12 and thereafter – 100%, as a whole or in part on any interest payment date.		76,955,000
Airport Revenue Bonds Gen Imp. Series 2003B	September 1, 2018	4.25% – 5.375%	Bonds maturing on and after 9/1/13 are subject to the following optional redemption: 9/1/12 and thereafter – 100%, as a whole or in part, on any interest payment date.		53,055,000
Airport Revenue Bonds Gen Imp. Series 2004E	September 1, 2012	3.00% – 5.25%	No optional redemptions		24,035,000
Airport Revenue Bonds Subordinated Taxable Imp CFC Series 2005C	September 1, 2020	5.00% – 5.25%	Bonds maturing on 9/1/16 are subject to the following optional redemption: 9/1/15 and thereafter – 100%, as a whole or in part, on any interest payment date		54,005,000
Airport Revenue Bonds Gen Impr. Refunding, Series 2005H	September 1, 2009	4.00% – 5.00%	No optional redemptions		14,485,000
Total Airport Revenue Bonds Outstanding				$	253,385,000

(Continued)

Description	Date of maturity	Range of interest rates	Optional redemption dates/ redemption price	Outstanding balance
Passenger Facility Charge (PFC) Revenue Bonds:				
PFC Revenue Bonds, Series 2001	April 1, 2026	5.00%	The bonds maturing on and after 4/1/12 are subject to the following optional redemptions: 4/1/11 to 3/31/12 – 101%; 4/1/12 to 3/31/13 – 100.5%; 4/1/13 and thereafter – 100%, as a whole at any time or in part, on any interest payment date	$ 117,265,000
Total PFC Bonds Outstanding				$ 117,265,000
Special Facility Revenue Bonds:				
Special Facility Revenue Bonds American Airlines Series 2005G	September 1, 2029	4.00% – 5.625%	Bonds maturing on and after 9/1/16 are subject to the following optional redemption: 9/1/15 and thereafter – 100%, as a whole or in part, on any interest payment date.	$ 30,450,000
Total Special Facility Revenue Bonds Outstanding				$ 30,450,000

* Various entities have issued debt for tax increment financing, for which the City is contingently liable. The City only records a liability if it is probable that a shortfall will occur, and the liability amount is equal to the estimated shortfall, not the entire outstanding principal. Contingent liability projects as of April 30, 2008 are comprised of the following:

Debt issue		P&I remaining (5/1/08 – End)[1]	Principal outstanding (4/30/08)	Debt recorded by the City as of 4/30/08	End Date
Valentine		$ 3,362,045	2,375,000	—	December 2018
Chouteau B	Variable Rate (VR)	9,307,027	5,875,000	—	December 2023
Chouteau A	VR	9,811,563	6,585,000	—	December 2024
909 Walnut	VR	9,754,780	7,425,000	—	December 2024
President Hotel	VR	32,122,571	17,470,000	—	December 2028
Blue Parkway		25,715,325	15,570,000	6,470,000	December 2028

[1] P&I amounts reflect estimate of future VR interest payments.

Variable Rate Bonds

The variable rate demand bonds (Bonds) of the City bear interest at a weekly mode. The weekly interest rates are determined by the Remarketing Agent of each respective Bonds. The Remarketing Agents based their rate to be the minimum interest rate which, if borne by the Bonds, would enable them to sell such Bonds on such date of determination at a price equal to the principal amount thereof. The interest rates assigned on each Bond issues for the last week of April 2008 were used for calculating estimated future interest payments on the Bonds.

Discussion on Swap Agreements with Citibank, N.A., New York, relating to the Kansas City Municipal Assistance Corporation, Leasehold Revenue Bonds, Series 2004A and Leasehold Refunding Revenue Bonds, Series 2005 (the KCMAC Bonds) and with Lehman Brothers Special Financing Inc., New York and UBS AG, Stamford Branch, relating to the Industrial Development Authority of the City of Kansas City, Missouri Variable Rate Demand Tax-Exempt Revenue Bonds, Series 2005B and 2006A (the IDA Bonds).

The KCMAC Bonds

The real estate and the interest in the real estate on which the City's H. Roe Bartle Convention Center Complex is located are owned by the City. Under a Base Lease dated as of September 1, 1990, as amended and supplemented, between the City and Kansas City Municipal Assistance Corporation (KCMAC), the City has leased the Convention Center Complex, together with the real estate on which the same is located, to KCMAC for a term ending on April 15, 2035, or on such earlier or later date that the Series 2004A bonds and the Series 2005 bonds (collectively referred to as KCMAC Bonds herein) are no longer outstanding under the provisions of the Master Indenture. KCMAC has subleased the Convention Center Complex and real estate back to the City under a Master Lease Purchase Agreement dated as of September 1, 1990, as amended and supplemented. Under the Master Lease Purchase Agreement, the City is obligated, subject to annual appropriations by the City Council, to pay each year the amounts which, together with other amounts on deposit in the bond fund, will correspond to the payments of principal and premium, if any, and interest on the KCMAC Bonds as they become due.

The City's total annual debt service expense is equal to the principal and interest payable on the KCMAC Bonds increased or decreased by any payments made or received by the City under the two interest rate swap agreements entered into by KCMAC in connection with the KCMAC Bonds. The interest rate swap agreement entered into by the KCMAC in connection with the Series 2004A bonds requires KCMAC to pay Citibank, N.A., New York (the Counterparty), a fixed interest rate of 3.673% (the 2004A Swap), and the other swap agreement entered into by KCMAC in connection with the Series 2005 bonds requires the KCMAC to pay to the Counterparty 3.655% (the 2005 Swap). In return, KCMAC receives the variable interest rate paid on the KCMAC Bonds during any calculation period (the Bond Rate). If the weighted average of the Bond Rate has exceeded 62.6% of the weighted average of one-month LIBOR plus 30 basis points for a period of more than the next preceding 180 days, the KCMAC shall receive the 62.6% of one-month LIBOR plus 0.30% (the Alternative Floating Rate Option). As of April 30, 2008, the Counterparty has converted from the Bond Rate to the Alternative Floating Rate Option under the 2004A Swap and 2005 Swap. The amortizing notional amounts of the swaps equal the amortizing principal amounts of the outstanding KCMAC Bonds, and the swaps are intended to effectively "fix" the total debt service due on the KCMAC Bonds

Alternative Floating Rate Option

The Alternative Floating Rate Option shall become effective upon the occurrence of any of the following events. Currently, the Alternative Floating Rate Option is in effect for the 2004A and 2005 swaps. The Bond Rate has been replaced with this alternative pursuant to clause (g) below:

(a) KCMAC defaults under the swap transaction or the KCMAC Bonds or a Termination Event occurs with respect to which KCMAC is the Affected Party;

(b) conversion of the KCMAC Bonds to an interest rate period other than weekly interest rate or unscheduled redemption of the KCMAC Bonds;

(c) an Event of Taxability;

(d) the KCMAC Bonds fail to have, at any time, long-term credit ratings in the "AA" category or higher by either Standard and Poor's or Moody's;

(e) appointment of a successor or replacement remarketing agent of the KCMAC Bonds without prior written consent of Citibank;

(f) the KCMAC Bonds are not issued on or prior to the Effective Date, in an aggregate principal amount equal to the initial Notional Amount; and

(g) the weighted average of the rate on the KCMAC Bonds has exceeded 62.6% of the weighted average of one-month LIBOR plus 30 basis points for a period of more than the next preceding 180 days.

At any time following the occurrence of an Alternative Floating Rate Date, the Counterparty may, at its sole discretion, elect to resume paying any floating amounts based on the Bond Rate as provided in the swap agreement, provided that any such election shall not affect the Counterparty's ability to pay any floating amounts based on the Alternative Floating Rate Option upon the occurrence or continuance of any Alternative Floating Rate Date. No assurance can be given that the Counterparty will ever voluntarily elect to resume paying floating amounts based on the Bond Rate.

Significant Terms

		2004A Swap	2005 Swap
Counterparty		**Citibank, N.A., New York**	**Citibank, N.A., New York**
Counterparty ratings:			
Moody's (1)		Aa1	Aa1
S&P (2)		AA	AA
Fitch (3)		AA-	AA-
Trade Date		18-Oct-04	18-Oct-04
Effective Date		19-Oct-04	19-Jan-05
Initial Notional	$	80,885,000	20,610,000
Termination Date		15-Apr-34	15-Apr-25
Fixed Rate		3.67%	3.66%
Variable Rate		Bond Rate†	Bond Rate†

Source: Ratings from Bloomberg Finance, L.P. as of May 28, 2008.

(1) Senior Unsecured Debt Rating

(2) Long Term Local Issuer Credit Rating

(3) Long Term Issuer Default Rating

†Note: The actual Bond Rate, unless the weighted average of the rate on the KCMAC Bonds exceeded 62.6% of the weighted average of one-month LIBOR plus 30 basis points for a period of more than the next preceding 180 days, in which case the City will receive the Alternative Floating Rate Option (62.6% of one-month LIBOR plus 0.30%). As of April 30, 2008, the City is receiving the Alternative Floating Rate Option under each swap agreement.

Fair Value

The 2004A swap, if it were terminated, had a negative value of $5,091,858 as of April 30, 2008 The 2005 swap, if it were terminated, had a negative value of $1,152,547 as of April 30, 2008.

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. Each fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions, and based on accepted industry standards and methodologies.

The IDA Bonds, Series 2005A, 2005B, 2006A and 2006B (IDA Bonds)

The City and Kansas City Live, LLC, a Maryland limited liability company entered into a Master Development Agreement, dated April 27, 2004 to develop the Project. The Project is expected to include entertainment, dining, specialty retail and housing units. The project area is in the south loop portion of downtown Kansas City and makes up approximately 7 blocks. The revenue bonds are issued pursuant to an Indenture of Trust dated as of March 1, 2005 (the Original Indenture) and by a First Supplemental Indenture of Trust, dated as of July 1, 2006 (the First Supplemental Indenture). In connection with the conversion of the Series 2005A Bonds to a fixed interest rate period, the original indenture, as amended and supplemented by the First Supplemental Indenture was amended and restated pursuant to an Amended and Restated Indenture of Trust, dated as of June 1, 2007. The IDA Bonds, issued on behalf of the City, are secured by the revenue of the project, including Economic Activity Taxes, Payments in lieu of Taxes, city revenues, DESA tax revenues and any other amounts credited to the revenue fund created under the Original Indenture. Application of City revenues, including Economic Activity Taxes and TIF Revenues is subject to annual appropriation by the City.

The City's total annual debt service expense is equal to the principal and interest payable on the IDA Bonds increased or decreased by any payments made or received by the City under the two interest rate swap agreements entered into by the IDA in connection with the IDA Bonds. Each of the interest rate swap agreements entered into by the IDA in connection with the IDA Bonds requires the IDA to pay its respective counterparty a fixed interest rate of 3.287%. In return, IDA receives 68% of 1-month LIBOR (the IDA Swaps). The amortizing notional amounts of the swaps equal the amortizing principal amounts of the outstanding Bonds, and the swaps are intended to effectively "fix" the total debt service due on the IDA Bonds. For the IDA swaps, the total amount of Series 2005B and 2006A bonds of $134,485,000 has been divided between UBS, AG (65%) and Lehman Brothers (35%). Pursuant to a Financing Agreement with the Authority, the City agreed, subject to annual appropriation, to make payments to the Authority to pay debt service on the KC Live Bonds.

(Continued)

Significant Terms

Counterparty	IDA UBS Swap UBS, AG	IDA Lehman Swap Lehman Brothers Special Financing Inc.*
Counterparty ratings:		
Moody's(1)	Aa1	A1*
S&P(2)	AA-	A+*
Fitch(3)	AA-	AA-*
Trade Date	20-Dec-2007	20-Dec-2007
Effective Date	24-Dec-2007	24-Dec-2007
Initial Notional	$ 87,415,000	47,070,000
Termination Date	01-Dec-2032	01-Dec-2032
Fixed Rate	3.287%	3.287%
Variable Rate	68% 1M LIBOR	68% 1M LIBOR

* Ratings are based on a guarantee by Lehman Brothers Holdings Inc. Lehman Brothers Special Financing Inc is not rated.

Source: Ratings from Bloomberg Finance, L.P. as of May 28, 2008

(1)&(3) Senior Unsecured Debt Rating

(2) Long Term Local Issuer Credit Rating

Fair Value

The IDA UBS Swap, if it were terminated, had a negative value of $2,317,313 as of April 30, 2008. The IDA Lehman Swap, if it were terminated, had a negative value of $1,247,852 as of April 30, 2008.

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. Each fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Risks

Because the City's debt service payments are predicated on the swap agreements, the City's debt service payments can be affected by the risks that the City is exposed to in connection with each of the swap agreements.

The following risks are generally associated with interest rate swap agreements:

Credit Risk – All swap agreements rely upon the performance of swap counterparties. The KCMAC and IDA are exposed to the risk that their counterparty or counterparties may become unable to fulfill their financial obligations under the swap agreements. The KCMAC and IDA measure the extent of this risk based upon the credit ratings of each counterparty and the fair value of the respective swap agreement. The credit ratings of KCMAC's single counterparty and IDA's two counterparties are shown in the preceding tables. To mitigate the risk of counterparty nonperformance, under the Credit Support Annex for the 2004A and 2005 swaps: i) Counterparty will post collateral in the event that its credit rating is downgraded below A2 and A from Moody's and Standard and Poor's, respectively; ii) KCMAC is not required to post collateral; and iii) the 2004A Swap and the 2005 Swap are insured by Ambac. To mitigate the risk of counterparty nonperformance under the Credit Support Annex for the IDA Swaps i) Counterparty will post collateral in the event that its credit rating is downgraded below A1/A+/A+ or not rated from Moody's, Standard & Poor's, or Fitch and ii) IDA is not required to post collateral.

In addition, it should be noted that as of April 30, 2008, neither KCMAC nor IDA was exposed to actual credit risk under the swap agreements because all of the swaps had a negative fair value (i.e., the Counterparty was exposed to credit risk).

Termination Risk – Termination risk is generally referred to as the risk that a swap could be terminated causing KCMAC or IDA to owe a termination payment as a result of any of several events, which may include: a ratings downgrade of the swap counterparty; covenant violations by either party; bankruptcy of either party; a swap payment default of either party; and other default events as defined by the swap agreements. Any such termination may require KCMAC or IDA to make significant termination payments in the future. To further, mitigate the affect to termination risk, KCMAC has secured insurance provided by AMBAC, for all regularly scheduled payments due under the 2004A Swap and the 2005 Swap and for any amounts due as a result of a termination event. There is no similar policy for the IDA swaps. However, IDA requires highly rated counterparties, and requires the counterparties to post collateral when they are downgraded below A1/A+/A+ or not rated.

If, at the time of termination, the swap has a negative fair value, KCMAC or IDA could be liable to the Counterparty for a payment equal to the swap's fair value. If any of the swap agreements are terminated, either the associated variable rate bonds would no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. Neither KCMAC nor IDA is aware of any pending event that would lead to a termination event with respect to any of its swap agreements.

Basis Risk – Each of the swap agreements is associated with certain debt obligations. The debt associated with each of the swap agreements pays interest at variable interest rates. The KCMAC and IDA receive variable payments under the swap agreements. To the extent these variable payments are not equal to the variable interest payments on the associated debt, there may be either a net loss or net benefit to the KCMAC and/or IDA.

During periods of time when the 2004A Swap and the 2005 Swap pay interest at the Bond Rate, the KCMAC is not subject to basis risk. As of April 30, 2008, the Alternative Floating Rate is in effect for the 2004A and 2005 Swaps. It is not certain that the variable receipts under the swaps will completely offset the variable payments due on the Bonds; therefore, the KCMAC is currently subject to basis risk The IDA swaps have variable receipts that are tied to a fixed percentage of 1 Month LIBOR, therefore, IDA is subject to basis risk at all times under their swap agreements.

Since the KCMAC swap agreements converted to the Alternative Variable Rate Option, KCMAC is also subject to tax risk. Tax risk is an extreme form of basis risk in which changes in the trading relationship between taxable and tax-exempt bonds reduce swap receipts to the point that they are insufficient to offset portions of any variable rate bond payments. The IDA swaps at all times subject the IDA to Tax Risk. Tax risk is inherent in any un-hedged tax-exempt variable rate issued by the KCMAC or IDA.

Rollover Risk – Rollover risk occurs when the term of the swap agreement is not coincident with the repayment term of the underlying debt obligation. The KCMAC's and IDA's source swap agreements have terms equal to the repayment terms of the underlying debt obligations.

Swap Payments and Associated Debt – As of April 30, 2008, the projected debt service requirements of the variable rate debt and the net swap payments, assuming current interest rates remain the same and the swap receipt rate is equal to the Alternative Floating Rate for the KCMAC Swaps and 68% of 1 Month LIBOR for the IDA Swaps, are shown below. As rates vary, the variable rate bond interest payments and net swap payments will vary in the future. Interest rate used for calculating variable interest is 4.00% for the MAC Bonds and 5.00% for the IDA Bonds, the weekly rate assigned by the remarketing agent during the final full week in April, 2008. The interest rate for determining the variable portion of the net swap payment is the April 28, 2008 1-month LIBOR rate (2.8625%) which was selected based on the ISDA definition of 1-month LIBOR (two day look back from April 30, 2008) (in thousands).

KCMAC, Series 2004A

	Principal	Interest (variable)	Interest rate swap net	Total
Year:				
2009	$ —	3,229	1,282	4,511
2010	—	3,235	1,279	4,514
2011	—	3,235	1,279	4,514
2012	—	3,241	1,276	4,517
2013	—	3,229	1,282	4,511
2014 – 2018	—	16,177	6,394	22,571
2019 – 2023	—	16,177	6,394	22,571
2024 – 2028	—	16,183	6,391	22,574
2029 – 2033	51,810	15,181	6,004	72,995
2034	29,075	1,163	460	30,698
Total	$ 80,885	81,050	32,041	193,976

(Continued)

KCMAC, Series 2005

		Principal	Interest (variable)	Interest rate swap net	Total
Year:					
2009	$	—	823	323	1,146
2010		—	824	322	1,146
2011		—	824	322	1,146
2012		—	826	321	1,147
2013		—	823	323	1,146
2014 – 2018		—	4,122	1,611	5,733
2019 – 2023		—	4,122	1,611	5,733
2024 – 2025		20,610	1,559	609	22,778
Total	$	20,610	13,923	5,442	39,975

IDA Bonds

		Principal	Interest (variable)	Interest rate swap net	Total
Year:					
2009	$	—	6,710	1,807	8,517
2010		775	6,711	1,799	9,285
2011		2,690	6,641	1,780	11,111
2012		2,715	6,519	1,738	10,972
2013		3,030	6,352	1,711	11,093
2014 - 2018		19,665	29,159	7,813	56,637
2019 - 2023		27,990	23,335	6,252	57,577
2024 – 2028		38,955	15,112	4,045	58,112
2029 – 2033		38,665	4,356	1,168	44,189
Total	$	134,485	104,895	28,113	267,493

KCMAC Hodge Park Bonds (Refunding of Series 1998A)

In March 2008, the City issued its Special Obligation Improvement and Refunding Bonds, Series 2008A. The refunding portion of Series 2008A was used to currently refund KCMAC Leasehold Bonds (Hodge Park Project), Series 1998A.

Refunding of Series 1998A

A total of $5,875,000 of the Series 2008A bond issue was used to currently refund $6,310,000 principal amount of Series 1998A. The interest rates on the refunding bonds range from 3.0% to 4.844%. The interest rates on the refunded bonds range from 4.50% to 5.20%. The net proceeds of $6,494,715 (after allocation of $43,671 to the cost of issuance fund, payment of $32,898 for underwriter discount, payment of $78,103 of bond insurance premium, allocation of $34,382 to original issue discount, and receipt of $60,769 of premium and $748,000 from the 1998A Debt Service Reserve Fund) were used to pay the principal amount, redemption price and interest thereon on March 14, 2008. As a result, the 1998A series of bonds are refunded and the liability for those bonds has been removed from the financial statements.

The City completed the current refunding, which will cause the debt service to have a decrease of $476,434 over the next 15 years. The refunding obtained an economic gain of $65,000.

KC Live Bonds Refunding

Pursuant to the Indenture of Trust dated as of March 1, 2005 (the Original Indenture) and later amended and supplemented by a First Supplemental Indenture of Trust (the First Supplemental of Indenture) (collectively, the Indenture), dated July 1, 2006, the Industrial Development Authority of Kansas City, Missouri (the Authority) issued the following series of bonds on behalf of the City: Series 2005A Bonds ($115,015,000 par amount), Series 2005B Bonds ($64,985,000 par amount), Series 2006A Bonds ($69,500,000 par amount), and Series 2006B Bonds ($45,500,000 par amount) (collectively, the KC Live Bonds). The bonds were issued for the purpose of providing funds to pay a portion of the costs associated with the Kansas City Downtown Redevelopment District Project (the KC Live Project). Pursuant to a Financing Agreement with the Authority, the City agreed, subject to annual appropriation, to make payments to the Authority to pay debt service on the KC Live Bonds.

In June 2007, the Authority converted $115.015 million Series 2005A Bonds from weekly floaters (the Series 2005A Weekly Floaters) to $114.915 million long-term fixed rate bonds (the Series 2005A Long-Term Fixed Rate Bonds). Net Original Issue Premium proceeds provided sufficient funds to repay the differential in the par amount as well as to pay transaction costs. The Series 2005A Long-Term Fixed Rate Bonds have a final maturity of 12/1/32, like the Series 2005A Weekly Floaters, and have interest rates ranging from 4.00% to 5.50%. Over its term, the Series 2005A Long-Term Fixed Rate Bonds will incur $94.544 million of interest costs, assuming these bonds are not refunded prior to maturity. The interest rate of the Series 2005A Weekly Floaters was reset weekly through the efforts of the remarketing agent. The City and the IDA did not convert the Series 2005A Weekly Floaters to long-term fixed rates for debt service savings but rather as part of a plan to rebalance the City's debt portfolio and to decrease the City's overall interest rate exposure.

Debt Defeasance

In April 2007, the City issued its General Obligation Improvement and Refunding Bonds, Series 2007A. A refunding portion of Series 2007A was used to advance refund General Obligation Bonds (Streetlight Project), Series 2000A. Out of the refunded principal amount, $30,140,000 remains outstanding as of April 30, 2008. The $30,460,000 portion of Series 2007A was deposited in an irrevocable trust with an escrow agent. Therefore, the $30,140,000, portion of the 2000A issue is considered defeased, and the liability has been removed from the City's long term obligations.

(Continued)

In March 2007, the City issued the IDA of the City of Kansas City, Missouri, Infrastructure Facilities Refunding Revenue Bonds, Series 2007A. A portion of the bonds were used to advance refund the MDFB's Infrastructure Facilities Revenue Bonds, Series 2000A (Midtown Redevelopment Project). Out of the principal amount, $39,400,000 remains outstanding as of April 30, 2008, which would be paid from Series 2007A bond proceeds that were deposited in an irrevocable trust with an escrow agent.

Discretely Presented Component Units – Information about specific component unit debt is available in their separately issued financial statements.

Conduit Debt – The City has issued debt for economic development from time to time. This debt is issued for the benefit of third parties, and the City had no obligation for repayment beyond the resources provided by the initial lease or loan, which has been assigned to various financial or banking entities. Debt outstanding of this nature includes taxable industrial revenue bonds of $369,822,266 as follows: Harley Davidson (Series 1996A), $81,999,967, Harley Davidson (Series 1996B), $890,000, Liberty Mutual, (Series 2002E), $50,000,000, MasterCard International, LLC, (Series 2003D); $36,382,000, Amerisource-Bergen (Series 2003E-1), $17,511,666, Amerisource-Bergen (Series 2003E-2), $16,463,796, Bayer Cropscience (Series 2004I), $40,000,000, Cerner Properties (Series 2005J), $17,170,912, H&R Block (Series 2005I), $31,000,000, and Cerner Properties; $78,403,925 (Series 2007A).

Notes Payable – On October 15, 2005, the City entered into a master note payable agreement with Koch Financial Corporation (Koch). Note payable had an initial term beginning October 15, 2005 to April 30, 2006 with options to renew for four (4) additional one-year terms. Since October 15, 2005, the City has renewed its options and has drawn upon the note payable to provide funds for the acquisition and installation of various capital equipment and other personal property. The interest rate for each draw is provided at municipal market debt yield (MMD) of the AAA general obligations plus a certain amount of spread. The spreads are based on an agreed upon schedule, which varies depending on the term. The interest rates drawn upon the note payable range from 3.2% to 4.78%. To secure the payment of all of the City's liability, the City grants to Koch a security interest in the assets purchased.

(8) Lease Agreements

Following are descriptions of the City's major lease agreements:

Business-Type Activities

Kansas City Airports Fund (Lessor)

The Department has a four-year use and lease agreement (the Agreement) with certain air carriers serving Kansas City International Airport (signatory carriers) effective through April 30, 2009. Pursuant to the Agreement, signatory air carriers have agreed to a guaranteed minimum amount of rentals and fees based upon expected levels of use of airport facilities. Further, the Agreement provides the determination for the landing fees and apron, terminal, and passenger boarding rents at the airport, along with granting certain rights and privileges to air carriers, both passenger and cargo. The Agreement provides for an annual settlement, post fiscal year-end close, whereby the rates and charges are recalculated using audited financial statements to determine any airline over/under payment. For the year ended April 30, 2008, $27,191 was due to the airlines.

Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year for each of the next five years and, thereafter, at April 30, 2008 are as follows (in thousands):

Fiscal year:		
2009	$	9,604
2010		8,797
2011		8,100
2012		6,785
2013		6,768
2014 – 2018		32,631
2019 – 2023		26,935
2024 – 2028		19,886
2029 – 2033		11,986
2034 – 2038		7,643
2039 – 2043		5,355
2044 – 2048		5,355
2049 – 2053		2,856
Total	$	152,701

(9) Related Party Footnote

(a) Memorandum of Agreement with the Federal Aviation Administration

On June 27, 2007, the City sold the former Richards-Gebaur Air Force Base to the Port Authority for $10.6 million, resulting in a gain on sale of $1.1 million. Proceeds from the sale are restricted and will be utilized for capital improvements at the Downtown Airport or at MCI. The sale terminates the City's obligations of the Memorandum of Agreement with the Federal Aviation Administration and the operating lease with the Port Authority.

(b) Lease Agreements with Related Party

Richards-Gebaur Airport

On April 13, 2007, the Port Authority entered into a Cooperative and Purchase Agreement with the City. Under this agreement, the City agreed to convey to the Port Authority, in exchange for $10,600,000, approximately 1,318 acres of land and improvements the City owned and managed at the former Richards-Gebaur Air Force Base. In connection with this agreement, the Port Authority also entered into a Development and Sales Agreement with CenterPoint Properties Trust (CenterPoint). Among other things, the agreements require the Port Authority to sell to CenterPoint up to approximately 1,218.7 of the surface portion of the Richards-Gebaur property for a price of $10,600,000. CenterPoint has the option of having additional portions of the surface property conveyed to it throughout a period of up to 15 years, although the purchase price is fixed at $10,600,000 regardless of the number of acres ultimately conveyed. The agreement with CenterPoint also provides that the rights and obligations under existing leases be assigned to CenterPoint as the property is conveyed. All of the property to be conveyed to Center-Point is exclusive of its mineral rights. The Port Authority will retain ownership of all rights to the subsurface of the property (i.e., that portion of the property lying at and below the top of the Winterset Ledge of limestone rock), together with all mineral rights associated with the property.

On June 27, 2007, the City conveyed all of the property to the Authority. On that same date, at the request of CenterPoint, the Port Authority conveyed approximately 730 acres of the surface property to CenterPoint. Included with the property conveyed to CenterPoint was all of the property that had previously been leased to Kansas City Southern Railway Company (KCSR). Also during the year ended April 30, 2008, an additional approximate 32 acres was conveyed to CenterPoint, which immediately transferred it to another party for development purposes

As part of the agreement, CenterPoint must achieve a development benchmark of having acquired for development not less than 250 acres (exclusive of property leased to KCSR) by June 27, 2017 or forfeit its right to the remaining land. Based on the land conveyed to date and the development progress that has been achieved, management believes this development benchmark has been achieved.

In connection with the City's conveyance of the property, the Port Authority during the year ended April 30, 2008 has recorded rent revenues of $423,870 arising from leases on property not yet conveyed to CenterPoint. Management estimates the Port Authority will continue to receive approximately $375,000 of annual rent revenues in fiscal 2009. The Port Authority has agreed to use all rents received for purposes specified in the agreement with the City.

Included in the land purchased from the City was approximately 100 acres of land not yet sold to CenterPoint.

On June 27, 2007 (the effective date), the Port Authority entered into a Limestone Extraction Lease Agreement with Hunt Midwest Real Estate Development, Inc., (Hunt Midwest), whereby the Authority leased approximately 100 acres of the surface of the property described above and all of the subsurface of the property to Hunt Midwest. Under the mining lease, Hunt Midwest has rights to mine limestone rock from the subsurface of the property. If within a period of one year after the effective date of the lease (the inspection period), Hunt Midwest determines that the property is not suitable for its purposes, it may terminate the lease. Once Hunt Midwest has determined that the property is suitable for its purposes and has obtained all necessary licenses and permits and starts producing and selling limestone products, it is required to pay the Port Authority a minimum annual royalty of $62,500. As of April 30, 2008, the Port Authority and Hunt Midwest have agreed to extend the inspection period an additional year. Management believes in future years that the Port Authority will receive estimated annual royalties approximating $200,000.

Isle of Capri Casino

On May 14, 1993, the Port Authority entered into a long-term lease agreement for certain real property fronting along the Missouri River (the Property) with the City.

In March 1993, the Port Authority entered into a development agreement (Development Agreement) with Hilton Hotels Corporation (Hilton), whereby Hilton agreed to develop certain portions of the Property for riverboat gambling (the Casino Property). In addition, the Port Authority, as the landlord, and Hilton, as the tenant, entered into a long-term lease agreement for the Casino Property.

On August 21, 1995, the Port Authority and Hilton entered into an amended and restated lease for the Casino Property (as subsequently amended on October 31, 1995 and on June 10, 1996, the Casino Lease).

The Casino Lease provided for an initial 10-year term, beginning on the "Opening Date" of the casino, which was October 18, 1995, so the initial 10-year term expired on October 18, 2005. The tenant is deemed to have elected to renew the Casino Lease for subsequent 5-year renewal terms (for a total of eight 5-year renewal terms, if all are elected) unless the tenant notifies the Port Authority at least 12 months before the end of the immediately preceding term negating the deemed election. No such notice was provided to the Port Authority, so the parties are in the third year of the first 5-year renewal term.

Hilton's rights and obligations under the Development Agreement and the Casino Lease were assigned to and assumed by the Isle of Capri Casino (IOC) during fiscal year 2001, so that IOC is the current tenant of the Casino Property. On August 15, 2005, the Port Authority and IOC entered into an Amended and Restated Development Agreement in which the Port Authority and IOC agreed to amend and restate the Hilton development Agreement. The Port Authority and IOC are currently negotiating the amended and restated Casino Lease. Management does not believe that the provisions of the amended and restated lease will have any material impact on the Port Authority's future operations.

Beginning on the Opening Date and continuing during the remainder of the initial 10-year term, the tenant was to pay a minimum net annual rent of $2,000,000 per year, in advance, on the Opening Date and on the date of each and every annual anniversary of the Opening Date thereafter. The agreement provides for increases in the minimum net annual rent for each renewal term by the percentage of change in the Consumer Price Index (CPI) as of the Opening Date to the Consumer Price Index as of the first day of any such renewal term. Effective October 18, 2005, and based on the change in the Consumer Price Index, the minimum net annual rent for the first renewal term was increased to $2,550,000. In addition to the minimum net annual rent, the tenant throughout the term of the lease (including renewal periods) is required to pay as percentage rent an amount equal to 3.25% of gross revenues (as defined in the agreement) less the minimum net annual rent paid in advance, During the year ended April 30, 2008, there was $2,925,705 of total lease revenue (net annual rent) attributable to the IOC lease.

In connection with this lease, effective May 1, 2006, the Port Authority is required to set aside for use by the City one-half of each years' net annual rent ($1,462,853 for the fiscal year ended April 30, 2008).

The Port Authority leased certain real property fronting along the Missouri River from the City under the original lease agreement dated May 14, 1993, Effective August 21, 2006, the original lease was superseded and replaced by the "First Amended and Restated Lease Agreement" (Restated Lease). Under the Restated Lease, the property continues to be leased for development purposes; however, the expiration date was changed to be midnight on August 20, 2056.

(10) Employee Benefit Plans

Substantially all City employees and elected officials of the City, as well as employees of the Police Department, are covered by contributory defined benefit retirement plans: Employees' Retirement System, Firefighters' Pension System, Police Retirement System, and Civilian Employees' Retirement System. These plans pay a monthly pension to qualified individuals upon retirement. The amount is based upon a combination of years of service and annual salary.

(a) *Police Retirement System and Civilian Employees' Retirement System*

Plan Descriptions

The retirement board of the Police Retirement System of Kansas City, Missouri (the Board) administers the Civilian & Police Plans, contributory, single-employer, defined benefit public employee retirement plans. The Board issues publicly available financial reports that include financial statements and required supplementary information for the Civilian & Police Plans. The Board is responsible for establishing or amending plan provisions. The financial reports may be obtained by writing to The Retirement Board of the Police Retirement System of Kansas City, Missouri, 1328 Agnes, Kansas City, Missouri 64127 or by calling (816) 482-8138.

The City is not legally responsible to pay the pension contribution for the two police pension plans directly to the pension systems, but provides funding on behalf of the Board of Police Commissioners. The amount reported in the City's general fund as police expenditures comprises all costs of the Police Department, including these pension contributions. The amount reported in the Police Department discretely presented component unit combining statement of changes in net assets as operating grants and contributions includes the City's on-behalf payment to fund the two pension plans.

Funding Policy

The Civilian & Police Plans' funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The employer contributions are established by the Board. Level percentages of payroll employer contribution rates are determined using the individual entry age normal method.

As a condition of participation in the Police Retirement System, members are required to contribute a certain percentage of their compensation until they retire. For the year ended April 30, 2008, members contributed 10.55% of their compensation. The City contributes the balance required to pay pensions and maintain the system on an actuarially sound basis and would fund the normal cost and amortize the net unfunded actuarial liability.

The City's contributions amounted to 19.70% of compensation for the year ended April 30, 2008. The actual contribution rates approved by the plan have been less than the rates recommended by the actuary for 5 of the last 10 years. The ultimate viability of the plan is dependent upon the relationship of actual plan experience with the underlying actuarial assumptions and/or sufficient funding by the City to meet future cash flow needs. The most recent actuarial valuation was performed as of April 30, 2007 and was available in developing the budget for the year ending April 30, 2009.

As a condition of participation in the Civilian Employees' Retirement System, members are required to contribute 5% of their salary to the plan. The City contributes the balance required to pay pensions and maintain the system on an actuarially sound basis. For the year ended April 30, 2008, the City contributed at a rate of 13.14% of members' salaries. The actual contribution rates approved by the plan have been less than the rates recommended by the actuary for the last 7 years. The ultimate viability of the plan is dependent upon the relationship of actual plan experience with the underlying actuarial assumptions and/or sufficient funding by the City to meet future cash needs. The most recent actuarial valuation was performed as of April 30, 2007 and was available in developing the budget for the year ending April 30, 2009.

Administrative Expenses

Actuarial investment management and bank trustee fees and expenses are included in the Civilian & Police Plans' administrative expenses when incurred. The Police Department provides office space without any direct charge to the plans.

The annual pension cost and net pension obligation as of April 30, 2008 are as follows (in thousands):

		Police Retirement System	Civilian Employees' Retirement System
Annual required contribution	$	(22,749)	(4,203)
Interest on net pension asset (obligation)		(50)	(517)
Adjustment to annual required contribution		(38)	(399)
Annual pension cost		(22,837)	(5,119)
Contributions made		15,747	3,372
Change in net pension obligation		(7,090)	(1,747)
Net pension obligation, beginning of year		(642)	(6,671)
Net pension obligation, end of year	$	(7,732)	(8,418)

(Continued)

The information presented below was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Schedule of Employer Contributions

(In thousands)

	Fiscal year ended	Annual pension cost (APC)	Percentage of APC contributed	Net pension asset (obligation)
Police Retirement System	04/30/06	$ 18,797	72%	$ 6,169
	04/30/07	21,338	68	(642)
	04/30/08	22,837	69	(7,732)
Civilian Employees' Retirement System	04/30/06	$ 3,551	62%	$ (5,405)
	04/30/07	3,548	68	(6,671)
	04/30/08	5,119	80	(8,418)

Police Retirement System and Civilian Employees' Retirement System

Valuation date	April 30, 2007
Actuarial cost method	Individual entry age normal
Amortization method	Level percent closed
Remaining amortization period	14 years
Actuarial assumptions:	
Investment rate of return	7.75% per annum

	Age	Salary scale Police	Salary scale Civilian
Projected salary increases based on age as follows: *	25	8.3%	7.5%
	35	7.3	6.7
	45	5.2	5.8
	55	5.0	5.1
Cost of living adjustments *	3.0%, simple		

* Includes inflation rate assumption of 3.5%

Actuarial Value of Assets

Market value of assets on the valuation date:

- Minus 75% of net realized and unrealized gain (loss) during the prior plan year

(Continued)

- Minus 50% of net realized and unrealized gain (loss) during the plan year two years prior
- Minus 25% of net realized and unrealized gain (loss) during the plan year three years prior

(b) Employees' Retirement System

Plan Description

The board of trustees of the Employees' Retirement System of the City of Kansas City, Missouri (the Board) administers the Employees' Retirement System of the City (the Employees' Plan), a contributory, single-employer, defined benefit public employee retirement plan. The Board is responsible for establishing and amending plan provisions. The Board issues publicly available financial reports that include financial statements and required supplementary information for the Employees' Plan. The financial reports may be obtained by writing to The Retirement Division of the City of Kansas City, Missouri, 12th Floor, City Hall, 414 East 12th Street, Kansas City, Missouri 64106, or by calling (816) 513-1928.

Funding Policy

Financing is provided by contributions from the Employees' Plan members, the City, and earnings on investments. Members contribute 4% of base salary. The City's contribution is set by the City Council in conjunction with its approval of the annual budget based on information provided by the Employees' Plan's consulting actuary and the Board.

The recommended contribution rate is determined by the Employees' Plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability.

Based upon the April 30, 2006 actuarial valuation, which was the most recent actuarial data available when the budget was developed for the year ended April 30, 2008, the actuary recommended a City contribution rate of 12.06% for general employees. The City contributed at a rate of 12.03% in 2007 and 2008. The City's contribution rate was 19.5% for elected officials for 2007 and 2008

Administrative Expenses

The Employees' Plan's administrative salary, duplicating, telecommunications, and travel expenses are included in the Employees' Plan's administrative expenses when incurred. The City provides office space, administrative and clerical services of the Human Resources Department, and accounting services of the Finance Department without any direct charge to the Employees' Plan.

Schedule of Employer Contributions

(In thousands)

	Fiscal year ended		Annual pension cost (APC)	Percentage of APC contributed		Net pension obligation
Employees' Retirement System	04/30/06	$	25,959	68%	$	(12,648)
	04/30/07		18,211	102		(12,364)
	04/30/08		16,171	124		(8,524)

The annual pension cost and net pension obligation as of April 30, 2008 are as follows (in thousands):

Annual required contribution	$	(15,624)
Interest on net pension obligation		(958)
Adjustment to annual required contribution		411
Annual pension cost		(16,171)
Contributions made (employer)		20,011
Change in net pension obligation		3,840
Net pension obligation, beginning of year		(12,364)
Net pension obligation, end of year	$	(8,524)

The net pension obligation as of April 30, 2008, are allocated as follows (in thousands):

Net pension obligation:		
Governmental activities	$	(5,755)
Water		(1,058)
Kansas City airports		(902)
Sewer		(809)
Total	$	(8,524)

Employees' Retirement System

Valuation date	May 1, 2007
Actuarial cost method	Entry age
Amortization method	Open 30-year amortization, level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	7.75% per annum
Projected salary increases *	6.0% per annum
Cost of living adjustments *	3.0%, simple (1.0% for elected officials) per annum

* Includes inflation rate of 3%

Actuarial Value of Assets

The City uses the five-year, smoothed-market method of valuing assets, which recognizes the fair market value of assets. The following represents the components of the asset valuation:

a. The actuarial value of the beginning of the year; plus

b. The increase in cost value during the year, excluding realized capital gains and losses; plus

c. Interest at the assumed net rate of investment return for those invested assets for which accounting does not reflect investment income; plus

d. 20% of the difference between market value and the sum of a, b, and c

e. If the actuarial value of assets is less than 90% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within the corridor.

(c) Firefighters' Pension System

Plan Description

The board of trustees of the Firefighters' Pension System of the City of Kansas City, Missouri (the Board) administers the Firefighters' Pension System of the City (the Firefighters' Plan), a contributory, single-employer, defined benefit public employee retirement plan. The Board is responsible for establishing or amending plan provisions.

The Board issues publicly available financial reports that include financial statements and required supplementary information for the Firefighters' Plan. The financial reports may be obtained by writing to The Retirement Division of the City of Kansas City, Missouri, 12th Floor, City Hall, 414 East 12th Street, Kansas City, Missouri 64106, or by calling (816) 513-1928.

Funding Policy

Financing is provided by contributions from the Firefighters' Plan members, the City, and earnings on investments. Firefighters contribute 9.55% of base salary. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget based on information provided by the Firefighters' Plan's consulting actuary and the Board.

The recommended contribution rate is determined by the Firefighters' Plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability.

Based upon the May 1, 2006 actuarial valuation, which was the most recent actuarial data available when the budget was developed for the year ended April 30, 2008, the actuary recommended a City contribution rate of 21.46%. The Board recognized a scheduled City contribution rate of 19.6% for 2008. The City Council approved a City contribution rate of 19.6% for the year ended April 30, 2008. The May 1, 2007 actuarial valuation, which calculated the 2008 annual required contribution, recommended a City contribution rate of 19.6%.

In addition to the benefits described above, firefighters retirees also receive a monthly subsidy ("subsidy"), intended to be used for, but not limited to, health insurance costs. Firefighters contribute 1% of base salary and the City contributes 2% to fund the subsidy. Prior to April 1 of each year, the board of trustees of the Firefighters' Plan establishes the dollar value of the monthly subsidy. The monthly subsidy for the year ended April 30, 2008 was $210. The investments held for the monthly subsidy totaled approximately $1.6 million at April 30, 2008. The actuarial valuation does not consider the subsidy's plan net assets, which were approximately $1.6 million. According to the City ordinance that established the subsidy, if the net assets available for the subsidy are zero, the subsidy will no longer be available For the year ended April 30, 2008, employer and employee contributions for the subsidy were $1 million and $500 thousand, respectively.

(Continued)

Administrative Expenses

Plan administrative salary, duplicating, telecommunications, and travel expenses are included in the Firefighters' Plan's administrative expenses when incurred. The City provides office space, administrative, and clerical services of the Human Resources Department, and accounting services of the Finance Department without any direct charge to the Firefighters' Plan.

Schedule of Employer Contributions

(In thousands)

	Fiscal year ended	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
Firefighters' Pension System	04/30/06	$ 9,806	93%	$ (3,116)
	04/30/07	9,556	99	(3,210)
	04/30/08	8,875	111	(2,228)

Annual required contribution	$ (8,734)
Interest on net pension obligation	(249)
Adjustment to annual required contribution	108
Annual pension cost	(8,875)
Contributions made (employer)	9,857
Change in net pension obligation	982
Net pension obligation, beginning of year	(3,210)
Net pension obligation, end of year	$ (2,228)

Firefighters' Pension System

Valuation date	May 1, 2007
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	8.0% per annum
Projected salary increases *	3.0% to 8.0% per annum, depending on age
Cost of living adjustments *	3%, simple

* Includes inflation rate of 3%.

(Continued)

Actuarial Value of Assets

The City uses the five-year, smoothed-market method of valuing assets, which recognizes the fair market value of assets. The following represents the components of the asset valuation:

a. The actuarial value of the beginning of the year; plus

b. The increase in cost value during the year, excluding realized capital gains and losses; plus

c. Interest at the assumed net rate of investment return for those invested assets for which accounting does not reflect investment income; plus

d. 20% of the difference between market value and the sum of a, b, and c

e. If the actuarial value of assets is less than 90% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within the corridor.

(11) Postemployment Benefits Other Than Pensions

(a) *The City of Kansas City*

Effective May 1, 2007 the City adopted Governmental Accounting Standards Board Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. This statement requires the accounting for the annual cost of other post employment benefits and the related outstanding liability using an actuarial approach similar to pensions. The City implemented prospectively (zero net obligation at transition).

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees' (employees and firefighters) and their dependents, including medical and pharmacy coverage.

The City requires the retirees to pay 100% of the same medical premium charged to active participants. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered OPEB under GASB 45.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and at this time, the liability for the City is unfunded. Contributions are made to the plan on a pay-as-you-go basis.

For the year ended April 30, 2008, retirees receiving benefits contributed $5,529,203 for current premiums (approximately 72.5% of total premiums), through their required contracted amount paid to Blue Cross Blue Shield of Kansas City for the plan of the retirees' choosing. Total premiums paid for the year were $7,628,745.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Normal cost	$	(6,987)
Amortization of unfunded actuarial accrued liability		(9,030)
Interest on net OPEB obligation		—
Adjustment to annual required contribution		—
Annual OPEB cost		(16,017)
Contributions made (employer)		2,101
Change in net OPEB obligation		(13,916)
Net OPEB obligation, beginning of year		—
Net OPEB obligation, end of year	$	(13,916)

The net OPEB obligation is allocated as follows:

Governmental activities	$	(11,025)
Water		(1,105)
Kansas City airports		(941)
Sewer		(845)
	$	(13,916)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

Fiscal year ended		Annual OPEB cost (AOC)	Percentage of AOC contributed		Net OPEB obligation
04/30/08	$	16,017	13%	$	(13,916)

Funded Status and Funding Progress

As of April 30, 2006, the most recent (initial) actuarial valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was $150.4 million, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $150.4 million. Covered payroll was $193.4 million, and the ratio of UAAL to the covered payroll was 77.76%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations

In the April 30, 2006, actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets (of which there are none) and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% after eleven years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2006 was 30 years.

(Continued)

(b) The Police Department of Kansas City

Plan Description

The Kansas City Missouri Board of Police Commissioners (the Board) sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees' and their dependents, including medical, and pharmacy coverage. Participants include police and civilian members of Kansas City Police Department

The Board requires the retirees to pay 30% more than premiums charged to active participants. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered OPEB under GASB 45.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the Board has chosen not to fund it. Board policy dictates the payment of retiree claims as they become due.

Annual OPEB Cost and Net OPEB Obligation

The Board's annual OPEB cost is calculated on the annual required contribution (ARC) of the employer an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation.

The Police/Civilian annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

	Fiscal year ended		Annual OPEB cost (AOC)	Percentage of AOC contributed		Net OPEB obligation
Board of Police Commissioners'	04/30/08	$	2,155	12%	$	(1,901)

Annual required contribution	$	(2,155)
Interest on net OPEB obligation		—
Adjustment to annual required contribution		—
Annual OPEB cost		(2,155)
Contributions made (employer)		254
Change in net OPEB obligation		(1,901)
Net OPEB obligation, beginning of year		—
Net OPEB obligation, end of year	$	(1,901)

Funded Status and Funding Progress

As of April 30, 2006, the most recent (initial) actuarial valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was $31,355,813, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $31,355,813. The covered payroll (annual payroll of active employees covered by the plan) was $92.8 million, and the ratio of UAAL to the covered payroll was 33.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2006 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% after 11 years. UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2006 was 30 years

(12) Commitments and Contingencies

(a) Purchase and Construction Commitments

At April 30, 2008, purchase and construction contract commitments, including obligations for capital outlay, are as follows (in thousands):

Water	$	38,588
Kansas City airports		79,311
Sewer		12,589
General Fund		11,272
Capital improvements fund		54,414
Nonmajor governmental funds		127,448
	$	323,622

(b) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured for workers' compensation and general liability exposures. Two internal service funds (the Funds), had been established to account for and finance losses to these exposures. These funds were closed at the end of fiscal year 2008. The City has purchased insurance to limit fund exposure to $1,000,000 on workers' compensation claims per occurrence occurring prior to fiscal year 1997, $500,000 fund exposure for all claims originating in fiscal year 1997, $400,000 fund exposure for all claims originating in fiscal year 1998, $2,000,000 fund exposure for claims originating between fiscal year 2003 through fiscal year 2007 and $1,000,000 fund exposure for claims originating in fiscal year 2008. The City limits its exposure to workers' compensation claims expense by purchasing an excess workers' compensation policy The policy has a $1,000,000 retention with statutory limits. The City also purchases an excess liability policy to cover torts, which are not barred by sovereign immunity. The policy has a $2,500,000 retention and a $5,000,000 loss limit. Current sovereign tort immunity statutes and law limit general liability and automobile claim exposure to a maximum of $355,396 per person and $2,500,000 per occurrence. Property claim exposure is $150,000 per claim. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years.

All funds of the City participated in the program and made payments to the Funds based on estimates of the amounts needed to pay prior and current year claims. The claims liability of $21,289,392, $5,247,505, $3,384,929, and $1,503,620 for the governmental activities and the Water, Sewer and Aviation Fund, respectively, at April 30, 2008 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The total claims liability reported in the governmental activities and business type activities are as follows:

		Beginning of year	Current claims and estimate changes	Claim payments	End of year	Due within one year
2008	$	32,297	14,248	15,120	31,425	8,660
2007		26,608	13,892	8,203	32,297	7,679
2006		20,442	14,684	8,518	26,608	6,670

(c) Federal Grant Funds

Use of federal, state, and locally administered federal grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant.

The Department of Homeland Security – Office of Inspector General (OIG) audited the public assistance funds awarded to the City. The City received a pass-through award of $28.44 million from the State of Missouri, State Emergency Management Agency (SEMA), a Federal Emergency Management Agency (FEMA) grantee for damages resulting from a severe winter ice storm that took place on January 29, 2002.

The audit was issued on July 28, 2006 to the Regional Director of FEMA Region VII and has questioned $9,301,699 of previously reimbursed costs to the City. The audit recommends that the Regional Director disallow the full $9,301,699. The Regional Director has not provided a response to the audit.

The City has decided to not further contest questioned costs of $874,000 and has recorded this amount as a liability in the financial statements. The City believes that it is reasonably possible that additional amounts may be owed; however, since the Regional Director has not responded to the audit findings, the amount and outcome is not probable.

(13) Fund Deficits

The trafficway maintenance fund (special revenue fund) has a deficit fund balance of $362,000 due to a shortfall in property tax collections during the year. Future property tax collections will cover the deficit.

The police drug enforcement fund (special revenue fund) has a deficit fund balance of $1,478,000 due to not receiving reimbursement of expenditures. A grant reimbursement from Jackson County, Missouri will cover the deficit.

The community development governmental grants fund (special revenue fund) has a deficit balance of $9,518,000 due to not receiving reimbursement of expenditures. Future grant reimbursements from the federal government will cover the deficit.

The STIF Americana hotel fund (debt service fund) has a deficit balance of $403,000 due to not receiving reimbursement of expenditures. Future economic activity taxes will cover the deficit.

The STIF HOK sport garage fund (debt service fund) has a deficit balance of $405,000 due to not receiving reimbursement of expenditures. Future economic activity taxes will cover the deficit.

(14) Endowments

The Liberty Memorial Endowment Fund was established in fiscal year 2001 to account for a voter-approved sales tax dedicated to the restoration, expansion, and maintenance of the Liberty Memorial and Museum. The original sales tax was divided between funds to be used for the restoration of the Memorial Fountain and funds set aside for a capital maintenance endowment. The sales tax generated $15,687,734 for the endowment. During fiscal years 2001 and 2002, the investment earnings were dedicated to capital maintenance of the memorial. During fiscal year 2003, the City Council passed an ordinance that allowed for up to 45% of the annual investment earnings to be used for routine maintenance and upkeep, and 55% would continue to be available for capital maintenance.

State law authorized the City to impose and spend the sales tax pursuant to the restrictions imposed by the local ordinance and approved by voter authorization.

The endowment principal is reported as restricted net assets –nonexpendable in the statement of net assets.

On April 30, 2008, there is $905,000 of net appreciation on investments and additional contributions that are available for expenditure. The change in net appreciation on investments available for expenditure during fiscal year 2008 is shown below (in thousands).

	April 30, 2007 balance	Additions	Reductions	April 30, 2008 balance
$	—	1,185	293	892

(15) Subsequent Events

(a) *Reappropriation of Fund Balance*

On April 17, 2008, the City Council passed Committee Substitute for Ordinance No. 080343 and on April 24, 2008, the Council passed Ordinance No. 080433. These ordinances authorized certain unencumbered and unexpended appropriations from fiscal year 2008 to be reappropriated to fiscal year 2009 in the Capital Improvements Sales Tax Fund and the Arterial Street Impact Fee Fund. These amounts are recorded as designations of fund balance in the City's financial statements (wherever an unreserved undesignated fund balance allowed) for each of the respective funds.

These reappropriations are summarized in the following table (in thousands):

Major governmental fund:		
Capital Improvements Fund	$	147,414
Nonmajor governmental fund:		
Arterial Street Impact Fee Fund		9,132
Total governmental funds	$	156,546

(b) ***Debt Issuances***

Refunding of Tax Exempt Weekly Floaters

Sprint Center, Series 2008C

On July 29, 2008, the City issued $204.5 million of its Special Obligation Refunding Bonds (Downtown Arena Project), Series 2008C (the Series 2008C Bonds). The proceeds of the Series 2008C Bonds, along with other available funds of the City, were used to refund the $210.2 million Industrial Development Authority of the City of Kansas City, Missouri (Kansas City Downtown Arena Project), Series 2005C and Series 2006E Bonds (the Refunded Bonds). The interest rate of the Refunded Bonds was reset weekly through the efforts of the remarketing agent. The Refunded Bonds were secured by a AAA-rated bond insurance policy provided by Ambac and liquidity was provided through a standby bond purchase agreement provided by Dexia (the Dexia SBPA). Due to the financial deterioration of Ambac and subsequent credit ratings downgrades (Aa3 negative outlook, AA negative credit watch, and ratings withdrawn by Moody's, S&P, and Fitch, respectively, as of July 16), the Refunded Bonds were trading at distressed levels. In fact, the investors had tendered a certain amount of bonds to Dexia. The City refunded the Refunded Bonds in order to avoid the accelerated repayment schedules of the Dexia SBPA and to as part of a plan to rebalance the City's debt portfolio and to decrease the City's overall interest rate exposure.

The Series 2008C Bonds have a final maturity of April 1, 2040, like the Refunded Bonds, and have fixed interest rates ranging from 4.00% to 5.50%. Over its term, the Series 2008C Bonds will incur $220.7 million of interest cost assuming they are not refunded prior to maturity.

The interest rate of the Refunded Bonds was expected to trade in relation to the tax-exempt short-term SIFMA index. However, because of the downgrade and financial difficulties of Ambac, a substantial portion of the bonds was tendered to Dexia and, as of July 16, bore interest at a rate of 5.00%.

Refunding of Taxable Weekly Floaters

Sprint Center, Series 2008D

On July 29, 2008, the City issued $16.5 million of its Special Obligation Refunding Bonds (Downtown Arena Project), Taxable Series 2008D (the Series 2008D Bonds). The proceeds of the Series 2008D Bonds, along with other available funds of the City, were used to refund the $18.4 million Industrial Development Authority of the City of Kansas City, Missouri (Kansas City

Downtown Arena Project), Series 2005D (the Refunded Bonds). The interest rate of the Refunded Bonds was reset weekly through the efforts of the remarketing agent. The Refunded Bonds were secured by a AAA-rated bond insurance policy provided by Ambac and liquidity was provided through a standby bond purchase agreement provided by Dexia (the Dexia SBPA). Due to the financial deterioration of Ambac and subsequent ratings downgrades (Aa3 negative outlook, AA negative credit watch, and ratings withdrawn by Moody's, S&P, and Fitch, respectively, as of July 16), the Refunded Bonds were trading at distressed levels The City refunded the Refunded Bonds in order to avoid the accelerated repayment schedules of the Dexia SBPA and to as part of a plan to rebalance the City's debt portfolio and to decrease the City's overall interest rate exposure.

The Series 2008D Bonds have a final maturity of April 1, 2040, like the Refunded Bonds, and have interest rates ranging from 6.431% to 7.830%. Over its term, the Series 2008D Bonds will incur $27.5 million of interest costs assuming these bonds are not refunded prior to maturity.

The interest rate of the Refunded Bonds were expected to trade in relation to the taxable LIBOR index. However, because of the downgrade and financial difficulties of Ambac, a substantial portion of the bonds was tendered to Dexia and, as of July 16, bore interest at a rate of 6.00%.

Refunding of Tax-Exempt Weekly Floaters

Bartle Hall Series 2004A & 2005

The City priced two variable rate transactions on, August 13, 2008. The Series 2008E and 2008F bonds were sold to refund the KCMAC Series 2004A and Series 2005 bonds, respectively, which were tied to the Bartle Hall project. Liquidity on the Series 2004A and 2005 bonds was provided by Dexia and bond insurance was provided by Ambac. The rating actions taken against Ambac in the past several months severely impacted the trading spreads of the Series 2004A and 2005 bonds, as compared to the benchmark SIFMA index. Negative spreads to the City averaged 2.48% since the first week of January 2008 and reached as high as 6.45% in late June 2008.

Proceeds from the sale of the $81,400,000 Series 2008E bonds were used to refund the KCMAC Series 2004A bonds. The Series 2008E bonds are backed by a letter of credit from Bank of America. Long-term and short-term ratings on the Series 2008E bonds are AA+/A1+ from Standard and Poor's, AA-/F1+ from Fitch, and Aaa/VMIG 1 from Moody's. These ratings are based on the credit strength and liquidity capabilities of Bank of America. The initial bond rate was set at 1.65%. As a comparison, the last reset rate on the Series 2004A bonds was a 6.50% In conjunction with the pricing of the Series 2008E bonds, the City also repriced an interest rate swap tied to the bonds. The revised swap rate is 3.677%.

Dexia provided the letter of credit for the Series 2008F bonds. Ratings on the Series 2008F bonds based on the Dexia letter of credit are AA/A1+ from Standard and Poor's, AA+/F1+ from Fitch, and Aa1/VMIG 1 from Moody's. The Series 2008F bonds were issued in the amount of $20,865,000 for the purpose of refunding the KCMAC Series 2005 bonds. The initial bond rate was also a 1.65%. As with the Series 2008E bonds, the Series 2008F bonds also had an interest rate swap tied to them. The swap was repriced at a 3.667% rate.

Airport Refunding

In September 2008, the City issued its General Improvement Airport Refunding Bonds, Series 2008A. A total of $28,580,000 of the Series 2008A bond issue was used to currently refund $29,495,000 principal amount of Series 1997A. The interest rates on the refunding bonds range from 4.0% to 5.0%. The interest rates on the refunded bonds range from 5.3% to 5.5%. The net proceeds of $29,803,445 (after allocation of $250,385 to the cost of issuance fund, payment of $92,885 for underwriter discount, deposit of $2,858,000 to the debt service reserve account, receipt of original reoffering premium in the amount of $1,475,215, and receipt of $2,949,500 for the Series 1997A debt service reserve account) were used to pay the principal amount, redemption price, and interest thereon on September 4, 2008. As a result, the 1997A Series bonds are considered in-substance defeased and the liability for those bonds has been removed from the financial statements.

The City completed the current refunding, which caused the debt service to have a difference of $2,232,203 over the next seven years. The refunding obtained an economic gain of $1,916,889. The defeased bonds' outstanding balance was $29,495,000 at the time the refunding bonds were issued.

(c) ***Bond Insurers***

Most of the City's debt, whether issued as fixed rate bonds or variable rate demand bonds, were initially credit-enhanced and ultimately secured by then AAA-rated bond insurers, namely: Ambac Assurance Corporation (Ambac), Financial Security Assurance Incorporation (FSA), MBIA Insurance Corporation (MBIA), Financial Guarantee Insurance Company (FGIC), Assured Guaranty and Syncora Guarantee (formerly XL Capital). Due to the financial deterioration of these companies, except for FSA and Assured Guaranty, their credit ratings have either been downgraded or withdrawn by Moody's, Standard and Poor's and Fitch. While FSA and Assured Guaranty have not been downgraded as of October 31, 2008, both companies are on review for a possible downgrade by Moody's and FSA is on a negative Credit Watch by Standard and Poor's.

The interest rates on the City's fixed rate debt have not been affected by these rating actions. However, the rating actions taken against bond insurers have impacted the trading spreads of the City's variable rate demand bonds, as compared to the benchmark tax-exempt SIFMA and taxable LIBOR indices. Additionally, investors began tendering bonds (Bank Bonds) to the liquidity providers forcing the City to pay Bank Rates, which in some instances are higher than Bond Rates. In some cases, liquidity providers' bank fees also increased due to the credit rating downgrades of the bond insurers. All of these factors have increased the City's overall debt service payments on its variable rate demand bonds.

(d) ***Other***

On December 20, 2007, the City entered into a $47.1 million interest rate swap with Lehman Brothers Special Financing Inc. (LBSF) whereby the City pays to LBSF a fixed rate of 3.287% and LBSF pays the City 68% of one-month LIBOR. Furthermore, Lehman Brothers Holdings Inc. (Holdings), the parent of LBSF, provided a guarantee of LBSF obligations under the terms of the LBSF swap with the City. The Holdings and LBSF filed for Chapter 11 bankruptcy on September 15, 2008 and October 3, 2008 respectively. Under the terms of the swap agreement, this filing represents an Event of Default. Pursuant to the terms of the contract, the City now has the

(Continued)

right, but not the obligation, to terminate the swap. The City has notified LBSF that LBSF is now in default and that the City reserves all its rights as defined in the contract.

On October 16, 2008, the City Council passed Ordinance No 081030. This Ordinance authorizes the termination of the swap with LBSF. The Ordinance also authorizes the entry of a substitute and replacement swap agreement upon the approval of the Director of Finance in accordance with the City's swap policy. Management expects to pay a termination fee when the swap is terminated, but at this time cannot estimate the amount.

(e) ***Market Conditions***

Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short term liquidity associated with certain investments held by the Employees' Retirement System, the Firefighters' Pension Plan, the Police Retirement System, and the Civilian Employees' Retirement System, which has impacted the value of investments after the date of these financial statements. The market value of the Employees' Retirement Plan assets, Firefighters' Pension Plan assets, Police Retirement Plan assets, and Civilian Employees' Retirement Plan assets declined by approximately \$174 million, \$71 million, \$97 million, and \$12 million, respectively, through September 30, 2008, which could ultimately effect the funded status of the Plans. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual valuation is performed. While it is unknown at this time, the future respective net pension obligations and pension costs recorded by the City and the Police Department could be negatively impacted by the current market conditions.

(16) Pledged Revenues

As previously described in note 1(e), the City adopted GASB Statement No. 48. This statement requires disclosures pertaining to future revenues that have been pledged or sold. The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following table lists those revenues and the corresponding debt issue along with the purpose of the debt, the amount and term of the pledge remaining, the current fiscal year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year and the approximate percentage of the revenue stream that has been committed if estimable (in thousands):

Issue	Type revenue pledged	Amount of revenue pledged	General purpose for debt	Term of commitment	% of revenue pledged	Principal and interest for the year ended April 30, 2008	Recognized for the year ended April 30, 2008
KCMAC (Bartle Hall/Municipal Auditorium/Music Hall Projects (KCMAC 1990B-1, 1991B, 2004A, 2004B-1, 2004B-3, 2005, 2006A	Hotel/Motel and restaurant taxes	$ 614,686,760	To finance construction, expansion and refurbishment of the Bartle Hall Complex	Through 2026	*	$ 18,552,138	$ 38,636,653
KCMAC (KCMAC) 1998B	Future leasehold revenue payment	4,245,000	To fund Truman Medical Center	Through 2012	100	848,495	848,495
KCMAC (KCMAC 2001B-1 and 2003C)	Future sales tax generated with the Zona Rosa Transportation Development District	20,117,415	To finance Zona Rosa	Through 2021	75-100	1,331,955	2,223,668
KCMAC (Prospect North Project) (KCMAC 2001B-1) and Fairyland	TIF revenues, payment in lieu of taxes and certain economic activity taxes generated with the Prospect North TIF plan	15,673,702	To finance development of the Prospect North TIF plan	Through 2021	100	955,071	—
KCMAC (Refunding 1994B portion) (KCMAC 2003C)	Vehicle license fees	7,443,893	To finance construction and renovation of community centers	Through 2012	75-100	1,858,756	3,548,098
KCMAC (Tow Lot Project) (KCMAC 2004B-2)	Operating revenue of the tow lot	7,568,653	To finance the acquisition and construction of a tow lot	Through 2024	75-100	373,326	4,446,195

* Not currently estimable

(Continued)

Issue	Type revenue pledged	Amount of revenue pledged	General purpose for debt	Term of commitment	% of revenue pledged	Principal and interest for the year ended April 30, 2008	Recognized for the year ended April 30, 2008
KCMAC and LCRA (Auditorium Plaza Garage Project) (KCMAC 2006A Issuance Auditorium Plaza Garage Portion, and LCRA Series 2005-E Auditorium Plaza Garage Portion)	Operating revenue of the Auditorium Plaza Garage	$ 8,608,975	To finance Auditorium Plaza Garage	Through 2020	75-100%	$ 591,475	$ 1,002,471
LCRA (Mast Facility Project) (LCRA 1996A)	Revenues derived from the General fund and rental payments from MAST	5,408,057	To finance construction, expansion and refurbishment of the MAST project	Through 2016	1-3	669,078	48,878,000
MDFB Loan (Harley Davidson Project) (MDFB Loan 1997)	Future economic activity tax revenues	590,700	To finance the City infrastructure for the construction of a Harley Davidson Factory	Through 2012	75-100	166,112	185,222
MDFB Taxable Infrastructure (Valentine Shopping Center) (Series 1998)	Net operating income from rental properties and excess TIF from Uptown theater	3,362,045	To finance Valentine Shopping Center project	Through 2018	100	340,260	340,260
IDA Taxable Leasehold Revenue Bonds (Century Towers) (2001)	Rents of the building	21,508,396	To finance Century Towers redevelopment project	Through 2022	100	1,612,294	1,612,294
TIFC VRDO Refunding and Improvement Revenue Bonds (TIFC Series 2003A (Tax-Exempt) and 2003B (Taxable))	100% of PILOTS and 50% of EATS	18,209,275	To finance I-35 and Chouteau Project	Through 2024	75-100	1,056,000	2,362,902
TIFC Improvement Revenue Bonds (TIFC Series 2004)	A portion of Future Pilots and Economic Activity tax	25,715,325	To finance the construction of the Blue Parkway business district	Through 2028	75-100	742,350	1,671,501

(Continued)

Issue	Type revenue pledged	Amount of revenue pledged	General purpose for debt	Term of commitment	% of revenue pledged	Principal and interest for the year ended April 30, 2008	Recognized for the year ended April 30, 2008
TIFC VRDO Improvement Revenue Bonds (TIFC Series 2005 Issuance)	A portion of future tax revenues and parking revenues	$ 12,023,250	To Construct and equip parking garage	Through 2024	75-100%	$ 556,000	$ 277,297
TIFC VRDO Improvement Revenue Bonds (TIFC Taxable Series 2004)	A portion of future tax revenues and parking revenues	30,997,000	To finance the refurbishing of the President Hotel	Through 2028	100	1,265,000	1,005,000
IDA VRDO Improvement Revenue Bonds (IDA Series 2005A, 2005B, 2006A, and 2006B)	Future tax revenue generated by increased retail sales in the district	561,957,320	To finance KC Live Project	Through 2033	75-100	11,151,429	22,797,669
IDA VRDO Improvement Revenue Bonds (IDA Series 2005C, 2005D, and 2006E)	Future car rental and hotel fees	474,403,130	To finance the building of a downtown arena	Through 2040	*	11,808,000	15,101,000
LCRA Leasehold Revenue Refunding Bonds (LCRA 2005E)	Certain economic activity and pilots under a LCRA Super TIP agreement	31,986,500	To finance the Muehlebach Hotel Project	Through 2018	*	3,284,450	3,309,000
PIEA Taxable Industrial Revenue Bonds (2005)	Neighborhood Development District Special Assessments and TIP revenues	11,257,374	To finance the 300 Wyandotte Parking Garage Project	Through 2025	*	657,192	286,000
IDA Refunding and Improvement Revenue Bonds (2006E)	Certain TIF revenues	6,215,825	To finance the Civic Mall Refunding and Cherry Street Inn demolition project	Through 2015	*	729,363	1,280,000
IDA Refunding Revenue Bonds (MDFB Series 1998) (2007A)	TIF/STIF revenues associated with the redevelopment areas	3,547,019	To finance the Uptown theater project	Through 2017	*	356,956	383,000
IDA Refunding Revenue Bonds (MDFB Series 2000A) (2007A)	TIF/STIF revenues associated with the redevelopment areas	55,362,806	To finance the Midtown Retail District project	Through 2017	*	3,654,394	5,203,000

(Continued)

Issue	Type revenue pledged	Amount of revenue pledged	General purpose for debt	Term of commitment	% of revenue pledged	Principal and interest for the year ended April 30, 2008	Recognized for the year ended April 30, 2008
Water Revenue Bonds and Capital Lease Agreements (1996A, 1996B, 1998A, 1998B, 2000A, 2002C, 2004D, 2005F, Water Lab Equipment, Automated Meter Reader)	Revenues derived from the Water fund	$ 267,249,219	To finance improvements to the water systems and facilities, to cover installation of automated meter reading system and lab equipment	Through 2025	52-55%	$ 19,906,343	$ 25,843,853
Sewer and Stormwater Revenue Bond (1992B, 1995A, 1996A, 1997A, 1998A, 2000A, 2000B)	Revenues of the sewer and stormwater funds	256,622,004	To finance improvements to sewer system and facilities	Through 2032	36-40	14,986,198	30,023,913
General Improvement Airport Revenue Bonds (1997A, 1999A, 2003A, 2003B, 2004E, 2005H)	Revenues from airport operations	277,909,291	To fund all or portions of the costs on constructing and rehabilitating airport facilities	Through 2028	15-20	18,258,715	43,769,000
Consolidated Rental Car Facility Bonds (2005C)	Revenues from airport operations	73,734,887	To fund the costs of constructing a consolidated rental car facility	Through 2021	43-45	5,827,910	43,769,000
Passenger Facility Charge Revenue Bonds 2001	PFC revenues generated from the operation of the airport	180,378,500	To fund a portion of the cost of constructing and rehabilitating the airport terminals	Through 2026	5-10	10,205,000	23,822,136
Special Facility Revenue Bond Series 2005G	Lease and sales tax revenues of the fund	50,000,000	To fund a portion of the costs incurred in connection with the repair, improvement and rehabilitation of the aircraft maintenance and overhaul base.	Through 2030	35-40	1,960,475	4,965,740

(Continued)

(17) Restatements

During the fiscal year ended April 30, 2008, the City identified the following errors reported in prior years' financial statements:

(a) Certain outlays made during fiscal years 2005 through 2007 associated with two capital projects, Downtown Arena and KC Live Entertainment District, that should have been reported as capital assets were instead reported as expenses in the respective fiscal year incurred. Additionally, land contributed to the City in fiscal years 2005 and 2007 from the TIF Commission for the KC Live Entertainment District was not recognized in the financial statements. To correct this error, net assets of the governmental activities as of May 1, 2007 have been restated by $167,181,000. This adjustment comprises an increase in construction in progress of $142,669,000 an increase in buildings and improvements of $24,822,000 and an increase in accumulated depreciation—buildings and improvements of $310,000 reported in governmental activities as of May 1, 2007. The change in net assets for governmental activities reported in the 2007 financial statements was understated by $87,022,000 as a result of this error.

(b) Fountains, statues and monuments which had been accounted for previously as nondepreciable works of art should have been accounted for as exhaustible capital assets and been depreciated over an estimated useful life. To correct this error, $92,684,000 of nondepreciable capital assets reported in governmental activities as of May 1, 2007 have been reclassified to depreciable capital assets, and net assets of the governmental activities as of May 1, 2007 have been restated by $20,600,000 reflecting retrospective accumulated depreciation. The change in net assets for governmental activities reported in the 2007 financial statements was overstated by $2,469,000 as a result of this error.

Net assets of the governmental activities as of May 1, 2007 has been restated to correct the aforementioned errors as follows (in thousands):

	Amount as previously reported	Item A	Item B	Amount as restated
$	2,604,777	167,181	(20,600)	2,751,358

The aggregate impact of the aforementioned errors on the change in net assets of the governmental activities reported in the 2007 financial statements is as follows (in thousands):

	Amount reported	Item A	Item B	Corrected amount
$	22,493	87,022	(2,469)	107,046

Required Supplementary Information

CITY OF KANSAS CITY, MISSOURI

Required Supplementary Information (Unaudited)

Budgetary Comparison Schedule – General Fund

Budgetary Basis

Year ended April 30, 2008

(In thousands of dollars)

	Budgeted amounts Original	Budgeted amounts Final	Actual	Variance with final budget – over (under)
Taxes:				
General property:				
Real property	$ 36,189	37,165	35,156	(2,009)
Personal property	8,717	8,717	10,130	1,413
Financial institution	5,094	5,094	5,699	605
Penalties and interest on delinquent taxes	500	500	707	207
Total general property	50,500	51,476	51,692	216
Earnings and profits	199,250	199,250	201,252	2,002
Local use tax	24,100	24,100	24,841	741
Hotel/motel tax	450	450	424	(26)
Cigarette	3,400	3,400	3,059	(341)
Total taxes	277,700	278,676	281,268	2,592
Licenses, permits, and franchises:				
Utility franchises	69,860	72,050	91,225	19,175
For street use	1,560	1,710	1,221	(489)
For business purposes – business, professional, and occupational	23,550	23,550	21,541	(2,009)
Other	524	524	424	(100)
Total licenses, permits, and franchises	95,494	97,834	114,411	16,577
Fines and forfeitures	20,293	20,293	16,269	(4,024)
Rents and concessions:				
American royal center	311	311	28	(283)
Other	1,052	1,093	892	(201)
Total rents and concessions	1,363	1,404	920	(484)
Investment income and interest	2,990	2,990	1,170	(1,820)
Charges for services:				
General government	18,364	18,502	17,348	(1,154)
Culture and recreation	10	10	9	(1)
Public safety	20,314	20,314	17,061	(3,253)
Health	5	5	4	(1)
Total charges for services	38,693	38,831	34,422	(4,409)
Intergovernmental revenues:				
Grants and reimbursements	3,402	10,174	7,369	(2,805)
Total intergovernmental revenues	3,402	10,174	7,369	(2,805)
Special assessments	289	550	74	(476)
Other	2,057	6,112	6,088	(24)
Total revenues	442,281	456,864	461,991	5,127
Other financing sources:				
Operating transfers in	1,109	1,309	1,777	468
Total revenues and other financing sources	$ 443,390	458,173	463,768	5,595

(Continued)

CITY OF KANSAS CITY, MISSOURI

Required Supplementary Information (Unaudited)

Budgetary Comparison Schedule – General Fund

Budgetary Basis

Year ended April 30, 2008

(In thousands of dollars)

	Budgeted amounts Original	Budgeted amounts Final	Actual	Variance with final budget - over (under)
Current – general government:				
Mayor	$ 1,306	1,257	1,231	(26)
City council	2,338	2,336	2,214	(122)
City clerk	775	765	686	(79)
City auditor	1,369	1,369	1,325	(44)
General service	17,522	16,400	15,672	(728)
Board of election commissioners	1,644	2,344	2,323	(21)
City manager	13,149	13,165	12,569	(596)
Municipal court	8,219	8,235	8,159	(76)
	46,322	45,871	44,179	(1,692)
Finance department:				
Director's office	574	500	499	(1)
Financial analyst unit	72	72	52	(20)
Accounts	2,706	2,502	2,454	(48)
Revenue	5,419	5,298	5,297	(1)
Purchasing	26	27	27	—
Treasury	1,686	1,843	1,842	(1)
Other	4,099	4,083	3,997	(86)
Total finance department	14,582	14,325	14,168	(157)
Law department	3,995	4,254	4,254	—
Human resources department	4,348	4,322	4,296	(26)
Contingent appropriation	5,650	—	—	—
Technology and information support	18,159	17,573	17,058	(515)
Human relations department	8	8	2	(6)
City development department	19,396	22,648	20,310	(2,338)
Total general government	112,460	109,001	104,267	(4,734)
Fire	78,933	80,929	82,383	1,454
Public works	28,108	26,928	26,578	(350)
Neighborhood development	21,754	23,295	22,027	(1,268)
Culture and recreation	12,659	10,700	10,698	(2)
Convention facilities	311	353	283	(70)
Police	173,354	176,350	176,325	(25)
Operating transfers out to other funds	34,753	44,771	43,427	(1,344)
Total expenditures and transfers out	$ 462,332	472,327	465,988	(6,339)

(Continued)

CITY OF KANSAS CITY, MISSOURI

Required Supplementary Information (Unaudited)

Budgetary Comparison Schedule – General Fund

Budgetary Basis

Year ended April 30, 2008

(In thousands of dollars)

	Budget Original	Budget Final	Actual	Variance with final budget – over (under)
Revenues and operating transfers in	$ 443,390	458,173	463,768	5,595
Expenditures and operating transfers out	462,332	472,327	465,988	6,339
Deficiency of revenues and other financing sources under expenditures and other financing uses	(18,942)	(14,154)	(2,220)	11,934
Current year expenditures relating to prior year budget	—	—	6,946	6,946
Revenues and other financing sources over (under) expenditures and other financing sources (uses) relating to prior year budget	$ (18,942)	(14,154)	4,726	18,880
Unreserved fund balance (budget basis):				
Beginning of year			22,807	
End of year			$ 27,533	

See accompanying independent auditors' report.

Budgetary Process

The reported budgetary data represent the final approved budget after amendments as adopted by the City Council. Amendments to the original budget were not material, and unencumbered appropriations lapse at year-end. Encumbered appropriations at year-end are carried forward into the following year for final disposition. These procedures are followed in establishing the budget:

1. Prior to March 1, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following May 1. The budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to May 1, the budget is legally enacted through passage of an ordinance.

Financial Statement Presentation – Budget Basis

The City prepares legally adopted annual operating budgets for the general fund, debt service funds (which include general debt and interest, KCMAC Convention and Sports Complex, KC Downtown Redevelopment Dist, N.I.D. GO Bond, STIF – Americana Hotel, STIF – 12th and Wyandotte, STIF – Midtown, STIF – Uptown, STIF – Tower 909 Walnut, STIF – Hotel President, STIF – Brush Cr/Blue Pkwy/Town Ctr, STIF – HOK Sport Garage, streetlight debt, Downtown Arena Debt, and Sewer Special Assessment), special revenue funds (which include museum, motor fuel tax, trafficway maintenance, public mass transportation, infrastructure and maintenance, park maintenance, boulevard maintenance, golf and tennis, Kemper – Butler garage, 11th and Oak garage, fire sales tax, public safety sales tax, KCATA sales tax, hazardous materials, health levy, police drug enforcement, neighborhood tourist development, convention and tourism, community centers, zoo, local option use tax, Hodge Park, domestic violence, special housing rehabilitation, housing opportunity for persons with AIDS, HUD lead-based paint grant, governmental grants, inmate security, arterial street impact fee, Ryan White HIV/AIDS, TIF special allocation, STIF – Pershing Rd IRS, STIF – Hotel Phillips, STIF – Savoy Bar and Grill, and STIF – Union Hill), and capital projects funds (general capital improvements, Liberty Memorial project), and permanent fund (Liberty Memorial Endowment). The City also prepares annual operating budgets for the enterprise funds and internal service funds; however, there is no legal requirement to report on these budgets. Therefore, the Supplementary Information – Combining and Individual Fund Statements and Schedules section of the CAFR includes a comparison of budget to actual only for the budgeted governmental funds.

The City's policy is to prepare the governmental fund types' annual budgets on a cash basis, which is modified to include encumbrances as the equivalent of expenditures. The legal level of budgetary control is at the City Department level.

Unencumbered balances appropriated for one purpose may be transferred to another purpose within a department with approval of the budget officer, Director of Finance, and the City Manager. Transfers of unencumbered balances appropriated for one department to any other department must be authorized by City Council's ordinance. Unencumbered appropriations lapse at the end of the fiscal year.

(Continued)

Project budgets are adopted in the governmental grant funds, certain capital projects funds, and certain trust and agency funds. Appropriations remain open and carry over to succeeding years.

Budgeting and Budgetary Control

The accounting principles employed by the City in its budgetary accounting and reporting system are designed to enhance budgetary control. Certain of these principles differ from those used to present financial statements in accordance with U.S. generally accepted accounting principles (GAAP). The significant differences are the exclusion of accrued and deferred revenues and accrued expenditures from the budgetary-basis statement.

Following is a reconciliation of these differences for the year ended April 30, 2008 (in thousands):

		General fund
Revenues and other financing sources over expenditures and other financing sources (uses) relating to prior year budget – budgetary basis	$	4,726
Adjustments:		
To record accrual and deferral of revenues		18,611
To record accrual of expenditures		(14,126)
Net change in fund balance – GAAP basis	$	9,211

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds. Other commitments include encumbrances that have been established for future planned expenditures where the purpose is known but a specific contract with a vendor has not yet been finalized.

CITY OF KANSAS CITY, MISSOURI

Required Supplementary Information (Unaudited)

Schedules of Funding Progress

Year ended April 30, 2008

(In thousands)

Pension Systems

Actuarial valuation date		(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL) entry age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded ratio		(c) Covered payroll	[(b)-(a)]/(c) UAAL as a percentage of covered payroll
			Police Retirement System					
5/1/05	$	604,561	741,001	136,440	81 59%	$	67,576	201 91%
5/1/06		635,622	775,272	139 650	81 99		71,835	194 40
5/1/07		698,079	807,902	109,823	86.41		80,112	137 09
			Civilian Employees' Retirement System					
5/1/05	$	72,383	97,104	24,721	74 54%	$	22,239	111 16%
5/1/06		78,847	105,928	27,081	74 43		23,876	113 42
5/1/07		89,111	110,394	21,283	80 72		25,472	83 55
			Employees' Retirement System					
5/1/05	$	645 610	781,900	136,290	82 57%	$	141,606	96 25%
5/1/06		745,721	800,840	55,119	93 12		146,365	37.66
5/1/07		823,014	847,393	24,379	97 12		158,780	15 35
			Firefighters' Pension System					
5/1/05	$	332,416	392,856	60,440	84 62%	$	45,701	132 25%
5/1/06		381,404	434,033	52,629	87 87		47,022	111 92
5/1/07		412,408	447 939	35,531	92 07		49,421	71 89

Other Post-employment Benefits

Actuarial valuation date		(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL) entry age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded ratio		(c) Covered payroll	[(b)-(a)]/(c) UAAL as a percentage of covered payroll
		City of Kansas City	– Employee/Firefighter Other Post-employment Benefits					
5/1/06	$	—	150,376	150,376	—%	$	193,387	77.76%
		Board of Police Commissioners	– Police/Civilian Other Post-employment Benefits					
5/1/06	$	—	31,356	31,356	—%	$	92,800	33.79%

See accompanying independent auditors' report

CITY OF KANSAS CITY, MISSOURI

Required Supplementary Information (Unaudited)

Schedules of Condition Assessments and Maintenance Costs

Year ended April 30, 2008

(In thousands)

Condition Assessment

	Percentage in good or better condition		
	2008	**2007**	**2006**
Roadway system	69.00%	64.87%	67.00%
Bridges	80.30	79.92	78.39
Street lighting	91.30	92.60	92.40

	Percentage in fair condition		
	2008	**2007**	**2006**
Roadway system	9.12%	6.88%	11.00%
Bridges	12.76	13.14	13.49
Street lighting	—	—	—

	Percentage in substandard condition		
	2008	**2007**	**2006**
Roadway system	21.88%	28.25%	22.00%
Bridges	6.94	6.94	8.12
Street lighting	8.70	7.40	7.60

	Overall condition level		
	2008	**2007**	**2006**
Roadway system	85.97%	87.00%	86.00%
Bridges	76.17	75.97	75.00
Street lighting	91.30	92.60	92.40

(Continued)

CITY OF KANSAS CITY, MISSOURI

Required Supplementary Information (Unaudited)

Schedules of Condition Assessments and Maintenance Costs

Year ended April 30, 2008

(In thousands)

Estimated and Actual Costs to Maintain

		2008	2007	2006	2005	2004
Roadway system:						
Estimated	$	49,533	19,101	26,456	20,561	6,536
Actual		17,323	19,184	25,999	20,921	18,550
Difference	$	(32,210)	83	(457)	360	12,014
Bridges:						
Estimated	$	7,711	7,571	7,383	6,500	6,545
Actual		625	550	1,624	3,017	1,122
Difference	$	(7,086)	(7,021)	(5,759)	(3,483)	(5,423)
Street lighting:						
Estimated	$	6,791	5,488	3,671	3,590	3,500
Actual		5,003	3,650	3,431	3,374	3,224
Difference	$	(1,788)	(1,838)	(240)	(216)	(276)

See accompanying independent auditors' report.

CITY OF KANSAS CITY, MISSOURI

Required Supplementary Information (Unaudited)

Notes to Schedules of Condition Assessments and Maintenance Costs

Year ended April 30, 2008

(In thousands)

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the City of Kansas City, Missouri (the City) has adopted an alternative process to record depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the City expenses maintenance and preservation costs and does not report depreciation expense.

In order to utilize this approach, the City is required to:

- Maintain an asset management system to include up-to-date inventory of eligible infrastructure assets
- Perform a condition assessment
- Estimate each year the amount to maintain and preserve the assets
- Document that the assets are being preserved approximately at, or above, the established condition level.

Public Works has established a program to evaluate the condition of all roadway systems. The name of the program is the Street Distress Rating System (SDRS). This program rates all segments of roadway systems over a three-year period. The program measures actual physical defects in the roadway systems that can be observed and quantified through visual inspection of the roadway surface. Broad categories include cracking, patching, depression, and surface wear. The system calculates the Pavement Condition Index representing a value ranging from "0" to "100." The City's intent is to achieve and retain a systemwide average value of not less than "80." The value of 80 represents a system that needs repairs and improvements. A rating of "90" to "100" would show an excellent condition, "80" to "89" good condition, "70" to "79" fair condition, and below "70" poor condition.

The condition of bridges is measured using the Federal Highway Administration Rating System. The federal system uses a measurement scale that is based on a condition index ranging from 0 for a failed bridge to 100 for a bridge in perfect condition. The condition index is used to classify bridges and culverts in good or better condition (65 and 75 and up, respectively), fair condition (45 to 65), and substandard condition (less than 45). It is the City's policy to maintain at least a value of 75 on its bridge system at a good or better condition level. No more than 10% should be in the substandard condition. Condition assessments are determined every other year. All bridges are rated at least once every two years.

The condition of street lighting is measured using a system designed by the City. The system uses a measurement scale that is based on a condition index ranging from 0 for a failed street lighting to 100 for passing each measured factor and measures 16 different factors. The condition index is used to classify street lighting in better condition (90 and up), good condition (80 to 89), and substandard condition (less than 80). It is the City's policy to maintain at least a value of 90% condition rating for the entire streetlight system. No more than 10% should be below the better condition rating. Condition assessments are determined every year. Street lighting chosen for condition assessments is randomly selected by a private contractor hired to assess and immediately repair all streetlights inspected. The plan is to have 100% of all streetlights inspected, with corresponding repairs, every two years.

APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS

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APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS

DEFINITIONS

In addition to the words and terms defined elsewhere in this Official Statement, the following are certain defined terms used in the Bond Indenture and this Official Statement. The list of defined terms does not purport to be complete, and reference is made to the full text of the Bond Indenture for a complete recital of the defined terms used therein.

"**Accreted Value**" means, with respect to the Capital Appreciation Bonds, if calculated on an Accretion Date, total principal and interest as set forth on Exhibit B to the Bond Indenture for such Accretion Date and, if calculated on a date other than an Accretion Date, total principal and interest as set forth on Exhibit B for the immediately preceding Accretion Date plus interest on such amount from such Accretion Date to the date of calculation (calculated on a straight line basis) at a rate equal to the interest rate on such Capital Appreciation Bonds as set forth in the Bond Indenture.

"**Accretion Date**" means, with respect to Series 2009E Bonds, each February 1 and August 1, commencing August 1, 2009, or such other dates with respect to any other series of Capital Appreciation Bonds as set forth in the Supplemental Indenture authorizing such Capital Appreciation Bonds.

"**Additional Bonds**" means any additional parity Bonds issued by the Issuer pursuant to the Bond Indenture that stand on a parity and equality under the Bond Indenture with the Series 2009E Bonds.

"**Appropriated Moneys**" means moneys of the Issuer which have been annually appropriated by the Issuer to make Debt Service Payments and other payments described in the Indenture.

"**Authorized Denominations**" means, with respect to any Current Interest Bonds, $5,000 or any integral multiple thereof and, with respect to any Capital Appreciation Bonds, in denominations of $5,000 Maturity Amount or any integral multiple thereof.

"**Bond**" or "**Bonds**" means the Series 2009E Bonds and any Additional Bonds issued pursuant to the Bond Indenture.

"**Bond Counsel**" means Bryan Cave LLP, or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing and experienced in matters related to the tax exemption of interest payable on obligations of states and their instrumentalities and political subdivisions, and which is selected by the Issuer and acceptable to the Trustee.

"**Bond Indenture**" or "**Indenture**" means the Trust Indenture, dated as of July 1, 2009, as originally executed by the Issuer and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Bond Indenture.

"**Bond Issuance Date**" means July 21, 2009.

"**Bond Obligation**" means, as of any date, the sum of (i) the Outstanding principal amount of the Current Interest Bonds and (ii) the Accreted Value (as of the Interest Payment Date immediately preceding the date of calculation unless the date of calculation is an Interest Payment Date, in which case as of such Interest Payment Date) of Outstanding Capital Appreciation Bonds.

"**Bond Ordinance**" means, with respect to the Series 2009E Bonds, Ordinance No. 090483 adopted by the City Council on June 18, 2009 authorizing the issuance of the Series 2009E Bonds and, with respect to any Additional Bonds, the ordinance adopted by the City Council authorizing the issuance of such Additional Bonds.

"**Bondowner**," "**Owner**," "**Bondholder**" or "**Holder**" means, as of any time, the registered owner of any Bond as shown in the register kept by the Trustee as bond registrar.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in any of the City of Kansas City, Missouri, the City of New York, New York, or any other municipality in which the principal offices of the Trustee are located.

"**Capital Appreciation Bonds**" means the Series 2009E Bonds which accrete in value based on semiannual compounding of interest on the original principal amount thereof at a rate that will result in such Series 2009E Bonds accreting to $5,000 Maturity Amount, or the applicable integral multiple thereof, representing total principal and interest payable at maturity.

"**Cede & Co.**" means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

"**CID**" means the Performing Arts Community Improvement District, a political subdivision of the State of Missouri.

"**City Council**" means the City Council of the Issuer.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the applicable regulations, temporary regulations and proposed regulations thereunder.

"**Continuing Disclosure Undertaking**" means the Continuing Disclosure Undertaking of even date herewith of the Issuer, as from time to time amended in accordance with the provisions thereof.

"**Cooperative Agreement**" means the Cooperative Agreement for Design and Construction, dated as of June 12, 2008, among the Issuer, the KCPA, the CID and PAC, as amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means issuance costs with respect to the Bonds described in Section 147(g) of the Internal Revenue Code and any regulations thereunder, including but not limited to the following:

(a) underwriters' spread of the Original Purchaser (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);

(b) counsel fees (including bond counsel, underwriter's counsel, special tax counsel, Issuer's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);

(c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Bonds;

(d) rating agency fees;

(e) trustee and paying agent fees;

(f) accountant fees and other expenses related to issuance of the Bonds;

(g) printing costs (for the Bonds and of the preliminary and final Official Statement relating to the Bonds); and

(h) fees and expenses of the Issuer incurred in connection with the issuance of the Bonds.

"**Current Interest Bonds**" means any Bonds on which the interest is payable at least semi-annually as provided in any Supplemental Indenture authorizing the issuance of such Current Interest Bonds.

"**Debt Service Fund**" means the fund by that name created pursuant to the Bond Indenture.

"**Debt Service Payments**" means any payment of principal, redemption premium, if any, interest, Accreted Value or Maturity Amount on the Bonds.

"**Debt Service Reserve Fund**" means the fund by that name created pursuant to the Bond Indenture.

"**Debt Service Reserve Requirement**" means the sum of $5,323,670.36 with respect to the Series 2009E Bonds, plus with respect to any series of Additional Bonds, the amount specified in the Supplemental Indenture authorizing such Additional Bonds.

"**Default**" means any event or condition which constitutes, or with the giving of any requisite notice or upon the passage of any requisite time period or upon the occurrence of both would constitute, an event of default under the Indenture.

"**Defeasance Obligations**" means:

(a) Government Obligations which are not subject to redemption prior to maturity; or

(b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; or

(d) the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; or

(e) Pre-refunded municipal obligations meeting the requirements of paragraph (j) of the definition of Permitted Investments; or

(f) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local

Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

"**Event of Default**" means any event of default as set forth under the caption "**SUMMARY OF THE BOND INDENTURE – Events of Default**" below.

"**Event of Nonappropriation**" means failure of the Issuer to budget and appropriate on or before the last day of any Fiscal Year, moneys sufficient to pay the Debt Service Payments and any reasonably expected additional payments required pursuant to the Bond Indenture payable during the next Fiscal Year.

"**Fiscal Year**" means the Issuer's fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

"**Fitch**" means Fitch, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Issuer and the Trustee.

"**Government Obligations**" means the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"**Interest Payment Date**" means any date for the payment of interest on Current Interest Bonds as set forth in the Supplemental Indenture authorizing such Current Interest Bonds.

"**Issuer**" means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

"**Issuer's Certificate**" means a written certificate in the form described in the Bond Indenture of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

"**Issuer Representative**" means the City Manager, the Director of Finance, the City Treasurer, the City Director of Planning and Development, or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

"**KCPA**" means Kauffman Center for the Performing Arts (formerly known as The Metropolitan Kansas City Performing Arts Center), a Missouri nonprofit corporation, together with its successors and assigns.

"**Maturity**" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and in the Bond Indenture provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

"**Maturity Amount**" means, with respect to any Capital Appreciation Bond, the compound amount thereof at Maturity. The term "Maturity Amount" is used only in reference to Capital Appreciation Bonds.

"**Moody's**" means Moody's Investors Service, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

"**North Wall**" means the north wall of the Parking Garage.

"**Official Statement**" means the Official Statement dated July 10, 2009 relating the Series 2009E Bonds or, with respect to any Additional Bonds, the official statement or other similar documents relating to such Additional Bonds.

"**Opinion of Bond Counsel**" means a written opinion in the form described in the Bond Indenture of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"**Opinion of Counsel**" means a written opinion in the form described in the Bond Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the Issuer.

"**Original Purchaser**" means, with respect to the Series 2009E Bonds, Oppenheimer & Co. Inc., as representative of the originals purchasers, and, with respect to any Additional Bonds, the original purchaser thereof.

"**Outstanding**" means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Bond Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Bond Indenture;

(b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Bond Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Bond Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Bond Indenture; and

(d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Bond Indenture.

"**PAC**" means PAC Holdings, Inc., a Missouri nonprofit corporation, together with its successors and assigns.

"**Participants**" means those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

"**Paying Agent**" means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Bond Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

"**Payment Date**" means any date on which principal of, redemption premium, if any, interest, Accreted Value or Maturity Amount on any of the Bonds shall be payable.

"**Performing Arts Center**" means the performing arts center being constructed in Kansas City, Missouri in an area bounded by 16th Street on the north, Wyandotte Street on the east, 17th Street on the south and Broadway Boulevard on the west.

"**Permitted Investments**" means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Bond Indenture:

(a) United States Treasury Securities (Bills, Notes, Bonds and Strips).

(b) United States Agency/GSE Securities. The Issuer may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:

(i) U.S. Govt. Agency Coupon and Zero Coupon Securities.

(ii) U.S. Govt. Agency Discount Notes.

(iii) U.S. Govt. Agency Callable Securities. Restricted to securities callable at par only.

(iv) U.S. Govt. Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate.

(v) U.S. Govt. Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

(vi) U.S. Govt. Agency Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than four (4) years when analyzed in a +300 basis point interest rate environment. Restricted to obligations of FNMA, FHLMC and GNMA only.

(c) Repurchase Agreements. The Issuer may invest in contractual agreements between the Issuer and commercial banks or primary government securities dealers. The SIFMA's guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

(d) Bankers' Acceptances. The Issuer may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's or Standard & Poor's.

(e) Commercial Paper. The Issuer may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars ($500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase. In addition, the Issuer's portfolio may not contain commercial paper of any one corporation, the total value of which exceeds 2% of the Issuer's aggregate investment portfolio.

(f) Any full faith and credit obligations of the State rated at least "A" or "A2" by Standard & Poor's or Moody's.

(g) Any full faith and credit obligations of any county in which the Issuer is located rated at least "AA" or "Aa2" by Standard & Poor's or Moody's.

(h) Any full faith and credit obligations of any school district in Kansas City, Missouri rated at least "AA" or "Aa2" by Standard & Poor's or Moody's.

(i) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least "AA" or "Aa2" by Standard & Poor's or Moody's.

(j) Any municipal obligation as defined in (6), (7), (8) or (9) that is not rated but either pre-refunded or escrowed to maturity with U.S. Treasury Securities as to both principal and interest.

(k) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and Standard & Poor's (in either case without regard to any modifier).

(l) Such other investments not described above that are allowed pursuant to State law.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investment.

"**Person**" means any natural person, firm, association, corporation, partnership, limited liability, company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"**Project**" means the acquisition, construction and equipping of a parking garage facility, including a green space/park area on the roof thereof, adjacent and connected to the Performing Arts Center, including, but not limited to the North Wall and the Tunnel, as further described on Exhibit E to the Bond Indenture.

"**Project Completion**" means either (i) the disbursement of all moneys in the Project Fund pursuant to the Bond Indenture or (ii) the deposit of all remaining moneys therein into the Debt Service Fund pursuant to the Bond Indenture.

"**Project Costs**" mean the costs of the Project, including without limitation, all costs and expenses of planning, design, development, supervision, construction, furnishing, equipping and opening the Project, and obtaining governmental approvals, certificates, permits and licenses with respect thereto, heretofore and hereafter paid or incurred by the Issuer. The Project Costs shall include, but shall not be limited to, funds required for:

(a) Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals, as well as costs for land and land rights, engineering and contractors' fees, labor, materials, equipment, utility services and supplies, legal fees, fees incurred pursuant to any lending or credit facility or agreement, and financing expenses.

(b) Interest accruing in whole or in part on Bonds prior to and during construction of any Project or any portion thereof, and for such additional period as the Issuer may determine.

(c) The deposit or deposits from the proceeds of the Bonds in any of the Funds or Accounts established hereunder which are required by the Indenture.

(d) Training and testing costs which are properly allocable to the acquisition, placing in operation or construction of the Project or any portion thereof.

(e) All costs of insurance applicable to the period of construction and placing the Project or any portion thereof in operation.

(f) All costs relating to injury and damage claims arising out of the acquisition or construction of the Project less proceeds of insurance.

(g) Legally required or permitted federal, state and local taxes and payments in lieu of taxes applicable to the period of construction and placing the Project or any portion thereof in operation.

(h) All fees and costs relating to the issuance and sale of the Bonds.

(i) Amounts due the United States of America as rebate of investment earnings with respect to the proceeds of the Bonds or as penalties in lieu thereof.

(j) Amounts payable with respect to capital costs for the expansion, reinforcement, enlargement or other improvement of facilities determined by the Issuer as necessary in connection with the utilization of the Project and the costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities or the construction of the Project.

(k) All other costs incurred by the Issuer and properly allocable to the acquisition, construction or placing in operation of the Project or any portion thereof.

"**Project Fund**" means the fund by that name created pursuant to the Bond Indenture.

"**Rebate Fund**" means the fund by that name created pursuant to the Bond Indenture.

"**Record Date**" means the first day (whether or not a Business Day) of the calendar month in which an interest payment on any Bond is to be made.

"**Replacement Bonds**" means Bonds issued to the beneficial owners of the Bonds in accordance with the Bond Indenture.

“**Securities Depository**” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“**Series 2009E Bonds**” means the series of the Issuer’s Special Obligation Bonds (Performing Arts Center Garage Project) Series 2009E (Capital Appreciation Bonds), in the aggregate original principal amount of $53,236,703.55, issued pursuant to the Bond Indenture.

“**Special Tax Counsel**” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys experienced in matters related to the tax exemption of interest payable on obligations of states and their instrumentalities and political subdivisions, and which is selected by the Issuer and acceptable to the Trustee.

“**Standard & Poor’s**” means Standard & Poor’s Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

“**State**” means the State of Missouri.

“**Supplemental Indenture**” means any indenture supplemental or amendatory to the Bond Indenture entered into by the Issuer and the Trustee pursuant to the Bond Indenture.

“**Tax Compliance Agreement**” means the Tax Compliance Agreement of even date herewith between the Issuer and the Trustee.

“**Transaction Documents**” means the Bond Indenture, the Cooperative Agreement, the Bonds, the Official Statement relating to the Bonds, the Continuing Disclosure Undertaking, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Bond Indenture, the Cooperative Agreement or the Official Statement or contemplated by the Bond Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“**Trustee**” means First Bank of Missouri, Gladstone, Missouri, in its capacity as Trustee hereunder, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Bond Indenture.

“**Tunnel**” means the tunnel connecting the Parking Garage to the Performing Arts Center being acquired by the Issuer as a part of the Project pursuant to the terms of the Cooperative Agreement.

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SUMMARY OF THE BOND INDENTURE

The following is a summary of certain provisions of the Bond Indenture. The following summary does not purport to be complete, and reference is made to the full text of the Bond Indenture for a complete recital of its terms.

Granting Clauses

To declare the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under the Bond Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions contained in the Bond Indenture and in the Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by the Bond Indenture, the purchase and acceptance of the Bonds by the owners thereof, the Issuer hereby transfers in trust, pledges and assigns to the Trustee, and hereby grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to in the Bond Indenture as the "**Trust Estate**"):

(a) All Appropriated Moneys;

(b) All right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the Bonds; and

(c) All other moneys and securities from time to time held by the Trustee under the terms of the Bond Indenture (excluding amounts held in the Rebate Fund), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Bond Indenture.

Authorization of Additional Bonds

Additional Bonds may be issued under and equally and ratably secured by the Bond Indenture on a parity (except as otherwise provided in the Bond Indenture) with the Series 2009E Bonds and any other Additional Bonds at any time and from time to time upon compliance with the conditions set forth in the Bond Indenture.

Before any Additional Bonds are issued under the provisions of the Bond Indenture, the Issuer shall pass an Ordinance (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, and (c) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Series 2009E Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of the Bond Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Bond Indenture as the Series 2009E Bonds and any other Additional Bonds, and except that the Issuer may issue Additional Bonds that are not entitled to the benefit and security of the Debt Service Reserve Fund or any comparable reserve fund. If such Additional Bonds are secured by the Debt Service Reserve Fund, such Fund shall be fully funded to the Debt Service Reserve Requirement at the time of issuance of such Additional Bonds from the proceeds of the sale of such Additional Bonds or other available moneys and then only upon such terms and conditions as it may require.

Method and Place of Payment

The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Current Interest Bonds and the Accreted Value and Maturity Amount and the redemption premium, if any, of Capital Appreciation Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Current Interest Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (2) at the written request addressed to the Trustee by any owner of Bonds of the same series in the aggregate principal amount of at least $1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Registration, Transfer and Exchange

The Trustee shall cause to be kept at its principal corporate trust office a register (referred to as the "**bond register**") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as provided in the Bond Indenture. The Trustee is hereby appointed "bond registrar" for the purpose of registering Bonds and transfers of Bonds as provided in the Bond Indenture.

Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee as provided in the Bond Indenture. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Issuer or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Trustee, as bond registrar, duly executed by the owner thereof or such owner's attorney or legal representative duly authorized in writing.

All Bonds surrendered upon any exchange or transfer provided for in the Bond Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as required by applicable law.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under the Bond Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Issuer. In the event any registered owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The Trustee shall not be required (a) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Bond and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such series of Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

The Person in whose name any Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the Bond Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as provided in the Bond Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its principal corporate trust office a list of the names and addresses of the last known owners of all Bonds and the serial numbers of such Bonds held by each of such owners. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by the Issuer, or the owners of 10% or more in principal amount of Bonds Outstanding or the authorized representative thereof, provided that the ownership of such owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Temporary Bonds

Pending the preparation of definitive Bonds, the Issuer may execute, and upon request of the Issuer the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the Issuer will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the principal corporate trust office of the Trustee, without charge to the owner. Upon surrender for cancellation of any one or more temporary Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of the Bond Indenture.

Mutilated, Destroyed, Lost and Stolen Bonds

If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Trustee such security or indemnity as may be required by the Trustee to save the Trustee and the Issuer harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under the Bond Indenture, the Issuer and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to the Bond Indenture in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of the Bond Indenture equally and ratably with all other Outstanding Bonds.

Creation of Funds and Accounts

There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

(a) Debt Service Fund, which shall contain a Debt Service Account and a Redemption Account.

(b) Debt Service Reserve Fund.

(c) Project Fund, which shall contain a Costs of Issuance Account and a Project Account.

(d) Rebate Fund.

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Project Fund

Deposits into Project Fund. The following moneys shall be paid over to and deposited by the Trustee into the Project Fund, as and when received:

(a) The proceeds from the sale of the Series 2009E Bonds to the extent required by the Bond Indenture.

(b) The net proceeds of condemnation awards and insurance proceeds deposited with the Trustee for deposit into the Project Fund.

(c) All performance and labor and material payment bond payments and any and all payments from any contractors or other suppliers by way of breach of contract, refunds or adjustments deposited with the Trustee for deposit into the Project Fund.

(d) Except as otherwise provided in the Bond Indenture, any other moneys received by or to be paid to the Trustee from any other source, when accompanied by directions from the person depositing such moneys that such moneys are to be deposited into the Project Fund.

Project Account. The Trustee is hereby authorized and directed to make each disbursement from the Project Account of the Project Fund, upon submission of a Requisition Certificate substantially in the form of Exhibit C to the Bond Indenture, executed by an Issuer Representative. Moneys in the Project Fund may also be invested as provided in the Bond Indenture. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all receipts and disbursements therefrom, including records of all disbursement certificates submitted pursuant to the Bond Indenture, and after the Project has been completed and a Completion Certificate has been filed with the Trustee, the Trustee shall, upon the written request of and at the expense of the Issuer, file an accounting thereof with the Issuer. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee hereunder.

Costs of Issuance Account. The moneys on deposit in the Costs of Issuance Account of the Project Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer in substantially the form of Exhibit D to the Bond Indenture and signed by an Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Issuer's Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2009E Bonds, the Trustee shall transfer any moneys remaining in the Costs of Issuance Account of the Project Fund to the Debt Service Account of the Debt Service Fund as instructed by the Issuer Representative.

Transfer of Project Fund Moneys on Completion. The completion of the Project and payment or provision for payment of all Project Costs for the Project shall be evidenced by the filing with the Trustee of a Completion Certificate. As soon as practicable after the filing of the Completion Certificate for the Project, any balance remaining in the Project Fund (except amounts the Issuer shall have directed the Trustee in writing to retain for any Project Costs not then due and payable) shall without further authorization be transferred into the Debt Service Account of the Debt Service Fund and shall be applied by the Trustee as directed by the Issuer solely to the payment of principal of, redemption premium, if any, and interest on the Series 2009E Bonds through the payment or redemption thereof at the earliest date permissible under the terms of the Bond Indenture.

Any Series 2009E Bonds purchased by the Trustee pursuant to this provision with moneys from the Redemption Account of the Debt Service Fund will be deemed cancelled.

Use of Money in Project Fund Upon Default. If the principal of the Series 2009E Bonds shall have become due and payable pursuant to the Bond Indenture, any balance remaining in the Project Fund shall without further authorization be transferred into the Debt Service Account of the Debt Service Fund.

Debt Service Fund

Subject to the limitations of the Bond Indenture, on or before the fifth (5^{th}) calendar day upon which the Trustee will need funds to make payments from either the Debt Service Account or the Redemption Account of the Debt Service Fund, as set forth below (or if such day is not a Business Day, the immediately preceding Business Day), the Issuer agrees to transfer Appropriated Moneys to the Trustee, in immediately available funds, for deposit into the appropriate account of the Debt Service Fund in the required amounts.

Moneys on deposit in the Debt Service Fund shall be used for the payment when due of the Maturity Amount of any Capital Appreciation Bonds and the payment when due of the principal of, premium, if any, and interest on any Current Interest Bonds. The following shall be deposited in the Debt Service Fund:

(a) Upon completion of the Project, funds (if any) shall be transferred from the Project Fund to the Debt Service Account of the Debt Service Fund and applied in accordance with the Bond Indenture.

(b) Accrued interest, if any, received in connection with the sale of the Series 2009E Bonds shall be deposited into the Debt Service Account of the Debt Service Fund.

(c) Sums for the redemption of Bonds shall be deposited into the Redemption Account of the Debt Service Fund and shall be applied to make such redemptions.

(d) Interest and other income derived from the investment of funds on deposit in the Debt Service Account of the Debt Service Fund.

(e) Sums transferred by the Issuer pursuant to the provision of the first paragraph under this heading shall be deposited into the Debt Service Account or the Redemption Account of the Debt Service pursuant to the direction of the Issuer accompanying such transfer; provided, in the absence of any such direction, such funds shall be deposited into the Debt Service Account of the Debt Service Fund.

(f) All other moneys received by the Trustee pursuant to which the Trustee is directed to deposit the same in the Debt Service Account of the Debt Service Fund.

The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Account of the Debt Service Fund to pay the Maturity Amount of any Capital Appreciation Bonds and the principal of and interest on any Current Interest Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of making such payments.

The Trustee shall use any moneys in the Redemption Account of the Debt Service Fund to redeem all or part of the Bonds Outstanding and interest to accrue thereon prior to such redemption, in accordance with and to the extent permitted by the Bond Indenture or the Supplemental Indenture pursuant to which the related series of any Additional Bonds was issued, so long as said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Trustee, upon the written instructions from the Issuer, signed by the Issuer Representative, shall use moneys in the Redemption Account of the Debt Service Fund on a best efforts basis for the purchase of Bonds in the open market to the extent practical for the purpose of cancellation at prices not exceeding the Bond Obligation plus accrued interest thereon to the date of such purchase, as applicable.

If the moneys in the Debt Service Fund are insufficient to pay all accrued interest on the Bonds on any Interest Payment Date, then such moneys shall be applied ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege, and any unpaid portion shall accrue to the next Interest Payment Date, with interest thereon at the rate or rates specified in the Bonds to the extent permitted by law. If the moneys in the Debt Service Fund are insufficient to pay the Maturity Amount or principal of the Bonds on the maturity date thereof, then such moneys shall be applied ratably, according to the amounts of Maturity Amount or principal due on such date, to the Persons entitled thereto without any preference.

Debt Service Reserve Fund

The Trustee shall deposit and credit to the Debt Service Reserve Fund, as and when received, as follows:

(a) Any payments required to be made by the Issuer pursuant to the Bond Indenture to make up a deficiency in the Debt Service Reserve Fund.

(b) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Reserve Fund pursuant to the Bond Indenture.

(c) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Reserve Fund, as specified in such Supplemental Indenture.

(d) All other moneys received by the Trustee under and pursuant to any of the provisions of the Bond Indenture or any other Transaction Document, when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Reserve Fund.

Except as otherwise provided in the Bond Indenture, funds on deposit in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee solely to prevent a default in the event moneys on deposit in the Debt Service Account of the Debt Service Fund shall be insufficient to pay the Maturity Amount and the principal of and redemption premium, if any, and interest on the Bonds as the same become due. In the event the balance of moneys in the Debt Service Account of the Debt Service Fund is insufficient to pay the principal of or interest on the Bonds when due and payable, moneys in the Debt Service Reserve Fund shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency. The Trustee may use moneys in the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid, and thereafter any remaining balance in the Debt Service Reserve Fund shall be paid to the Issuer.

The Trustee shall determine the value of cash and Permitted Investments in the Debt Service Reserve Fund on the 60th day preceding each Interest Payment Date and at the time of any withdrawal from the Debt Service Reserve Fund and at such other times as the Trustee deems appropriate. For the purpose of determining the amount on deposit in the Debt Service Reserve Fund, the value of any Permitted Investments shall be valued at their fair market value on the date of valuation.

If on any such valuation date, the value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, or at any time any amount is withdrawn from the Debt Service Reserve Fund for the purposes described above, the Trustee shall immediately notify the Issuer of such deficiency, and instruct the Issuer to make up such deficiency by making payment of such deficiency in 35 equal monthly installments directly to the Trustee for deposit in the

Debt Service Reserve Fund commencing on the first Business Day of the first calendar month following such notification; provided, however, that if the Trustee or the Owners of not less than a majority in principal amount of Bonds then Outstanding shall approve another schedule of periodic payments, the amount of such deficiency shall be paid to the Trustee in accordance with such schedule. If at any time of valuation, the value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement the amount of such excess shall be transferred to the Debt Service Account of the Debt Service Fund.

Rebate Fund

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the Issuer nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by the Bond Indenture and by the Tax Compliance Agreement (which are incorporated by reference into the Bond Indenture).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to the Bond Indenture and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Bond Indenture as provided in the Bond Indenture or from other moneys provided to it by the Issuer. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Issuer.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of the Bond Indenture and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all rebatable arbitrage shall have been paid.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Bond Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Bond Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the Bond Indenture, and, until used or applied as provided in the Bond Indenture, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Bond Indenture and shall not be commingled with any other funds of the Issuer except as provided under the Bond Indenture for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except to the extent such moneys are invested in Permitted Investments.

Investment of Moneys

Moneys held in each of the funds and accounts under the Bond Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Bond Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds, the Trustee may invest in such Permitted Investments specified in paragraph (k) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of the Bond Indenture through its own bond department or short term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Bond Indenture, which may on instructions from the Issuer be transferred to the Project Fund) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. After the Trustee has notice of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the Funds held under the Bond Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Events of Default

The term "**Event of Default**," wherever used in the Bond Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable;

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the Issuer in the Bond Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in), and continuance of such default or breach for a period of 30 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least a majority in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 30-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment

If an Event of Default occurs and is continuing, the Trustee may, and if requested by the owners of not less than a majority in principal amount of the Bonds Outstanding shall, by written notice to the Issuer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Bond Indenture, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if the Issuer has deposited with the Trustee a sum sufficient to pay:

(a) all overdue installments of interest on all Bonds;

(b) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;

(c) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and

(d) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(e) all events of default, other than the non payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Bond Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee

Upon the occurrence and continuance of any Event of Default under the Bond Indenture, unless the same is waived as provided in the Bond Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Bond Indenture or by law:

(a) Right To Bring Suit, Etc. The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Bond Indenture, to realize on or to foreclose any of its interests or liens under the Bond Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Bond Indenture and to enforce or preserve any other rights or interests of the Trustee under the Bond Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) Exercise of Remedies at Direction of Bondowners. If requested in writing to do so by the owners of not less than a majority in principal amount of Bonds Outstanding and if indemnified as provided in the Bond Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Bond Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) Appointment of Receiver. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Bond Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) Suits To Protect the Trust Estate. The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Bond Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Bond Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) Enforcement Without Possession of Bonds. All rights of action under the Bond Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Bond Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) Restoration of Positions. If the Trustee or any Bondowner has instituted any proceeding to enforce any right or remedy under the Bond Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Bondowner, then and in every case the Issuer and the Bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Bond Indenture, and thereafter all rights and remedies of the Trustee and the Bondowners shall continue as though no such proceeding had been instituted.

Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under the Bond Indenture.

Nothing contained in the Bond Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any bondowner in any such proceeding.

Limitation on Suits by Bondowners

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Bond Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Bond Indenture, unless:

(a) such owner has previously given written notice to the Trustee of a continuing event of default;

(b) the owners of not less than a majority in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Bond Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Bond Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Bond Indenture to affect, disturb or prejudice the lien of the Bond Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Bond Indenture, except in the manner provided in the Bond Indenture and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Bond Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Bond Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Bond Indenture:

(a) to require the Trustee to proceed to enforce the Bond Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Bond Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Bond Indenture; provided that:

(i) such direction shall not be in conflict with any rule of law or the Bond Indenture;

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(iii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected

Upon an Event of Default, all moneys held or received by the Trustee pursuant to the Bond Indenture or pursuant to any right given or action taken under the Bond Indenture shall, after payment of the reasonable fees, costs, advances and expenses of the Trustee and the proceedings resulting in the collection of such moneys (including without limitation attorneys' fees and expenses), be deposited in the Debt Service Account of the Debt Service Fund and the moneys in such subaccount of the Debt Service Fund shall be applied as follows:

(a) If the Maturity Amount and principal of all the Bonds has not become or has not been declared due and payable, all such moneys shall be applied:

(i) *First* -- To the payment to the Owners entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments of interest became due and payable, with interest thereon at the rate or rates specified in the respective Bonds to the extent permitted by law, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege.

(ii) *Second* -- To the payment to the Owners entitled thereto of the unpaid Maturity Amount and principal of any of the Bonds that have become due and payable (other than Bonds called for redemption for the payment of which moneys or securities are held pursuant to the Bond Indenture), in the order of their due dates, and, if the amount available is not sufficient to pay in full such Maturity Amount and principal due on any particular date, together with such interest, then to the payment ratably, according to the amounts of Maturity Amount and principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the Maturity Amount and principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the Maturity Amount, principal and interest then due and unpaid on all of the Bonds, without preference or priority of Maturity Amount, principal over interest or of interest over Maturity Amount or principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for Maturity Amount, principal and interest, to the Persons entitled thereto, without any discrimination or privilege;

(c) If the Maturity Amount and principal of all the Bonds has been declared due and payable, and if such declaration thereafter is rescinded and annulled under the Bond Indenture, then, subject to the provisions of subsection (b) under this heading in the event that the Maturity Amount and principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) under this heading.

Whenever moneys are to be applied pursuant to the provisions described under this heading, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future.

Rights and Remedies Cumulative

No right or remedy conferred in the Bond Indenture upon or reserved to the Trustee or to the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by the Bond Indenture or by law to the Trustee or to the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

Waiver of Past Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Bond Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the Owners of all the Bonds waive any past default hereunder and its consequences, except a default

(a) in the payment of the principal of (or premium, if any) or interest on any Bond; or

(b) in respect of a covenant or provision of the Bond Indenture which under the Bond Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Bond Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Supplemental Indentures Without Consent of Bondowners

Without the consent of the Owners of any Bonds, except as provided in the Bond Indenture as to the issuance of certain Additional Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of the Bond Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Bond Indenture, or to subject to the lien of the Bond Indenture additional property;

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as set forth in the Bond Indenture, additional conditions, limitations and restrictions thereafter to be observed;

(c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Bond Indenture with respect thereto;

(d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Bond Indenture;

(e) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of the Owners of all Bonds or to surrender any right or power conferred upon the Issuer in the Bond Indenture;

(f) to cure any ambiguity, to correct or supplement any provision in the Bond Indenture which may be inconsistent with any other provision in the Bond Indenture or to make any other change, with respect to matters or questions arising under the Bond Indenture, which shall not be inconsistent with the provisions of the Bond Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or

(g) to modify, eliminate or add to the provisions of the Bond Indenture to such extent as shall be necessary to effect the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures With Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Indenture or of modifying in any manner the rights of the Owners of the Bonds under the Bond Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Owner of each Outstanding Bond affected thereby,

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Bond Indenture of compliance with certain provisions of the Bond Indenture or certain defaults hereunder and their consequences;

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(e) modify any of the provisions of with respect to supplemental indentures, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of the Bond Indenture with respect to any of the Trust Estate or terminate the lien of the Bond Indenture on any property at any time subject to the Bond Indenture or deprive the owner of any Bond of the security afforded by the lien of the Bond Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture, the Bond Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of the Bond Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Bond Indenture and will cease to be entitled to any lien, benefit or security of the Bond Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee or other Paying Agent moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Bond Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (i) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee, and (ii) an Opinion of Bond Counsel addressed and delivered to the Trustee, the Issuer in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Bond Indenture has been provided for in the manner set forth in the Bond Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Bond Indenture.

The foregoing notwithstanding, the liability of the Issuer in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Satisfaction and Discharge of Indenture

The Bond Indenture and the lien, rights and interests created by the Bond Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Bond Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Bond Indenture;

(b) all other sums payable under the Bond Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Bond Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in the Bond Indenture to the satisfaction and discharge of the Bond Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Bond Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Bond Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as provided in the Bond Indenture for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge

Notwithstanding the satisfaction and discharge of the Bond Indenture, certain rights of the Trustee under the Bond Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Bond Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided in the Bond Indenture. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided in the Bond Indenture, shall then be paid to the Issuer without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Issuer for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

Acts of Bondowners

Any notice, request, demand, authorization, direction, consent, waiver or other action provided by the Bond Indenture to be given or taken by Bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such Bondowners in person or by an agent duly appointed in writing. Except as otherwise expressly provided in the Bond Indenture, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of the Bond Indenture and conclusive in favor of the Issuer and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to under this heading.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds registered on the bond register in the name of the Issuer shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Issuer has identified in writing to the Trustee as being owned by the Issuer or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the Owner of any Bond shall bind every future Owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Trustee to take any action under any provision of the Bond Indenture, the Issuer shall furnish to the Trustee an Issuer's Certificate stating that all conditions precedent, if any, provided for in the Bond Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of counsel rendering such opinion all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of the Bond Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in the Bond Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions relating thereto in the Bond Indenture;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

* * * * * * *

APPENDIX C

INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI

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GENERAL INFORMATION

Location, Size and Demographics

Kansas City, Missouri (the "City") is the largest City in Missouri and is the central city of a fifteen county Metropolitan Statistical Area (MSA) which includes Bates, Caldwell, Cass, Clay, Clinton, Lafayette, Ray, Jackson and Platte counties in the State of Missouri and Johnson, Franklin, Linn, Wyandotte, Miami and Leavenworth counties in the State of Kansas. The City is located in parts of Jackson, Clay, Platte and Cass counties on the western border of the State of Missouri, and is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-35 and I-70.

Historically, the City has pursued a policy of annexation, and is today the 13th largest city in land area in the United States with a total area of approximately 319 square miles.

According to the Department of City Planning and Development of Kansas City, Missouri, estimate, year 2009 population of the City and the Kansas City MSA are estimated at 484,520 and 2,022,631, respectively. There is excellent quality and reasonably priced housing available in Kansas City. The cost of an existing home in Kansas City is approximately twenty-six percent (26%) below the average for comparable homes in the United States as of second quarter in 2008.

Municipal Government and Services

The City was incorporated on June 3, 1850. The City is a constitutional home rule city and adopted its present Charter by popular vote on August 8, 2006, pursuant to Article VI, Section 19 of the Missouri Constitution.

The City has a Council-Manager form of government. There are 13 members of the Council, including the Mayor. All are elected for four-year terms, with the Mayor and six Council members elected at large and the other six Council members elected by the residents of their districts. The City Manager is appointed by the Council. The Council determines City policy and oversees City affairs. All resolutions and most ordinances can be passed by the affirmative vote of seven Council members. However, emergency measures for the immediate preservation of the public peace, property, health, safety or morals and ordinances to expel a council member, to amend the zoning law when under protest, or to borrow money require nine affirmative votes.

As of September 9, 2008, the City has approximately 6,938 employees including the Police Department. The police are not unionized. Certain Fire personnel are union-eligible; however, not all Fire Department employees are represented by a bargaining unit. Along, with the Fire Chief, and his Principal Assistant, the Fire Department has administrative, clerical, and Deputy Chiefs that are not represented by any bargaining unit. The fire personnel are represented by the Local 42 IAFF (approximately 943) and the 3808 IAFF Union (approximately 23 members). Approximately 1,787 City employees, in labor classifications, are represented by the AFSCME Local 500. The Local 500 Memorandum of Understanding (MOU) expired on April 30, 2005, with the exception of provisions related to Variable Pay Plan, which expires on April 30, 2008. The new MOU has been ratified, submitted to Council and was implemented September 14, 2008.

The City's tax structure is diverse compared to most large cities, and includes the Earnings and Profits Tax, Sales and Use Tax, Convention and Tourism Tax, General Property Tax, Gaming Tax, Motor Fuel Tax, Utility Tax which includes Telephone, Natural Gas, Steam, Cable Television and Electric taxes, Cigarette and Occupational License Tax.

The City provides all basic municipal services, including fire protection, water and sewage treatment, street construction and maintenance, traffic regulation and control, refuse collection, street lighting, public health protection, planning and maintenance of City parks and boulevards, tree planting, municipal golf courses, public swimming pools and tennis courts, a municipal correctional institution, emergency aid to needy persons, management of two municipal airports, administration of zoning and subdivision regulations, and operation of the City's convention facilities. The Police Department, although financed primarily by General Funds of the City, is a separate governmental entity. School districts which serve Kansas City are also separate governmental entities. Truman Medical Center and the Metropolitan Ambulance Services Trust are run by separate boards, but receive substantial funds from the City.

SELECTED DEMOGRAPHIC STATISTICS

Kansas City, Missouri

Year	Population[(1)]	Per Capita Personal Income
2000	441,851[(1)]	20,295
2001	444,773[(2)]	21,587
2002	448,379[(2)]	22,755
2003	452,521[(2)]	20,026
2004	457,595[(2)]	22,405
2005	462,679[(2)]	24,567
2006	468,644[(2)]	24,180
2007	475,830[(3)]	24,299
2008	480,534[(3)]	25,716
2009	484,520[(4)]	Not Available

Metropolitan Statistical Area

Year	Population[(5)]	Per Capita Personal Income
2000	1,842,814	22,506
2001	1,863,707	24,574
2002	1,885,911	24,560
2003	1,902,540	24,907
2004	1,920,385	24,914
2005	1,937,398	26,251
2006	1,958,328	26,848
2007	1,981,480	27,650
2008	2,002,047	Not Available
2009	2,022,631	Not Available

(1) The Calendar Year 2000 population estimate was provided by the U.S. Census Bureau.

(2) The Calendar Years 2001-2006 population number were estimated by the City Planning and Development Department of Kansas City, Missouri using building permits to interpolate between 2000 and 2007 to account for the a successful City appeal to the U.S. Census Bureau, which resulted in the official population of Kansas City, MO being changed from 450,375 to 475,830.

(3) The Calendar Year 2007-2008 numbers were estimated by the City Planning and Development Department of Kansas City, Missouri using a building permits based method created by U.S. Census Bureau for cities to challenge the Bureau's annual population.

(4) The Calendar Year 2009 number was estimated by the City Planning and Development Department of Kansas City, Missouri using straight line regression.

(5) The Federal Office of Management and Budget changed Kansas City, Missouri's Metropolitan Statistical Area (MSA) from eleven (11) to fifteen (15) counties in 2003. All fifteen (15) counties are included in the MSA population numbers. The MSA population estimates from 2000-2008 were obtained from the U.S. Census Bureau and don't take into account the official change of Kansas City, Missouri's 2007 population and its estimates for 2000-2006, 2008 and 2009. Calendar Year 2009 population number was estimated by City Planning and Development Department of Kansas City, Missouri.

Sources: Census Bureau; City Planning and Development Department, Mid-America Regional Council and Census Bureau's Annual America Community Survey.

COMPARISON OF METROPOLITAN AREAS

	ACCRA Cost of Living Index 2008 1st Quarter (1)	**Median Price, Existing Homes 2008 2nd Quarter** (2)	**Per Capita Retail Sales (2007)** (3)
Kansas City	96.1	$152,800	$15,818
U.S.	100.0	206,500	15,961
Atlanta	97.6	158,300	16,285
Charlotte	94.7	201,300	17,520
Chicago	111.5	257,600	15,655
Columbus	98.6	145,700	15,747
Dallas	91.9	151,000	15,652
Denver	105.1	225,200	17,650
Los Angeles	150.3	417,800	15,323
Memphis	89.0	131,600	15,506
Minneapolis	109.3	210,800	17,697
New York	218.8	453,400	15,052
Phoenix	101.6	205,100	18,684
Saint Louis	90.0	148,600	16,075
Salt Lake City	98.7	234,200	19,148
San Francisco	173.6	684,900	15,823

Sources*:*

All information in the above table was obtained from the Kansas City Area Development Council (KCADC).
For comparability to other City MSA's, Kansas City information is based on fifteen (15) county areas for the "Per Capita Retail Sales" and "Home Price Index." Reference is further made by KCADC to the following sources:

(1) The Council for Community and Economic Research, ACCRA Cost of Living Index.
(2) National Association of Realtors.
(3) Claritas / Market Statistics.

THE KANSAS CITY ECONOMY

The City is a regional center for transportation, telecommunications, manufacturing, health care, trade, financial services, and government. Major companies headquartered in metropolitan Kansas City, Missouri include Sprint Nextel Corporation, HCA-Midwest Health Systems and DST Systems, Inc. Other major employers include the Public School Systems, State/County/City Government, Federal Government, Wal-Mart Stores Inc, McDonald's USA LLC, St. Luke's Health System, AT & T and Cerner Corporation .

The City's economy provides for a consistent and well distributed earnings and employment environment for its business sectors.

The City's proximity and ready access to geographical and population centers throughout the nation make the area an attractive location for industrial product distribution and trade. The City's central location is advantageous for commuting to all parts of the United States and has enhanced its development and posture as a major transportation center with a complete range of transportation facilities, including a major highway network, eleven railroad trunk lines, and the Kansas City International Airport (KCI). KCI handled 11.3 million passengers in fiscal year 2008. As of September 2008, there are 25 airlines, 12 mainline and 13 regional/commuter serving 48 cities with nonstop service. Flight times from KCI are about three hours to either coastline.

MAJOR KANSAS CITY METROPOLITAN STATISTICAL AREA EMPLOYERS

Kansas City Metropolitan Area
Principal Employers

Employer	Type of Business	Number of Employees **
Federal Government	Government	37,000
Public School System [1]	Education	32,310
State/County/City Government [2]	Government	26,496
Sprint Nextel Corp.	Wireless Telecommunication	12,000
Wal-Mart Stores Inc.	Discount Retail	7,400
McDonald's USA LLC	Quick-Service Restaurant	7,000
Saint Luke's Health System	Health Care Provider	6,403
HCA Midwest Health Systems	Health Care Provider	5,296
AT&T	Telecommunications	5,230
Cerner Corp	Health Care Information Technology	4,800
Children's Mercy Hospitals & Clinics	Pediatric Specialty Health Care	4,637
Ford Motor Company	Automotive Assembly	4,465
DST Systems, Inc.	Information Processing and Computer Software Services	4,425
Hallmark Cards Inc.	Greeting Cards, Expression Products Television Programming	4,000
University of Kansas Hospital	Acute Care & Research Hospital	3,880
Black & Veatch	Global Engineering Consulting and Construction Company	3,800

1. The number of local employees for the public school systems is made up of eleven public school systems and school districts.

2. The number of local employees for the State/County/City Government is made up of eight employers.

Source: Top Public-Sector Employers, Kansas City Business Journal, April 3, 2009 and Top 100 Area Private Sector Employers, Kansas City Business Journal, April 24, 2009.

** Note: The City does not undertake continuously to update this table. The information presented in this table speaks only as of the date indicated in the source. Layoffs or developments after this date is not presented, and they can render some information in the table to be inaccurate. In general, employment has sharply declined in recent months as reported by the Bureau of Labor Statistics of the U.S. Department of Labor. In May 2009 to June 2009 job losses were widespread across most major industry sectors.

Employment Information

The following table shows the annual average non-agricultural employment for the metropolitan area for 2003 to 2007 using the North American Industry Classification System (NAICS).

ANNUAL AVERAGE NON-AGRICULTURAL EMPLOYMENT
METROPOLITAN AREA

	2003	2004	2005	2006	2007
Manufacturing	82,600	83,700	82,900	83,300	82,500
Trade, Transport & Utilities	201,600	202,200	203,600	205,000	207,800
Information	47,800	45,300	42,600	42,000	42,200
Finance	70,900	70,900	71,100	73,100	74,900
Professional & Business Services	122,600	127,700	137,700	141,600	148,100
Educational & Health Services	107,700	108,900	111,700	114,500	118,600
Leisure & Hospitality	90,700	92,300	93,000	94,600	95,500
Government	142,500	143,900	144,300	145,800	150,400
Natural Resources & Construction	50,900	50,800	52,900	54,400	53,400
Other Services	41,400	40,400	40,200	39,900	41,200
Total, Non-farm	***958,700***	***966,100***	***980,000***	***994,200***	***1,014,600***

Source: Missouri Department of Economic Development, Missouri Economic Research & Information Center in Cooperation with U.S. Department of Labor, Bureau of Labor Statistics. These figures were based upon the North American Industry Classification System (NAICS).

The following table depicts average annual unemployment rates for the last ten years:

AVERAGER ANNUAL UNEMPLOYMENT RATES

Year	Kansas City	MSA	United States
2000	3.8	3.3	4.0
2001	5.3	4.4	4.7
2002	6.6	5.5	5.8
2003	7.2	6.0	6.0
2004	7.7	6.1	5.5
2005	7.1	5.6	5.1
2006	6.4	5.0	4.6
2007	6.5	5.0	4.6
2008	7.6	5.7	5.8
2009	10.7(1)	8.2(1)	8.8(2)

(1) Average of unemployment rate from January 2009 to April 2009.
(2) Average of unemployment rate from January 2009 to May 2009.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table shows the valuation of building construction for the last ten fiscal years:

BUILDING CONSTRUCTION VALUATION
(Amounts Expressed in Thousands)

Fiscal Year	Commercial Valuation	Residential Valuation	Total
1999	586,945	235,386	822,331
2000	643,246	232,500	875,746
2001	482,427	244,223	726,650
2002	685,120	306,693	991,813
2003	426,447	397,062	823,509
2004	372,238	394,758	766,996
2005	600,068	471,313	1,071,381
2006	1,095,063	417,816	1,512,879
2007	749,898	345,252	1,095,150
2008	482,072	204,173	686,245

Sources: Division of Development Services, Department of City Planning and Development, City of Kansas City, Missouri.

The following table shows the locally assessed value of both real and personal taxable property for the last ten fiscal years:

City of Kansas City, Missouri
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value
1999	3,297,036	1,487,171	4,784,207
2000	3,538,437	1,515,046	5,053,483
2001	3,589,296	1,596,472	5,185,768
2002	3,899,050	1,596,366	5,495,416
2003	3,850,565	1,526,968	5,377,533
2004	4,242,606	1,425,531	5,668,137
2005	4,488,998	1,428,914	5,917,912
2006	5,021,849	1,432,570	6,454,419
2007	5,185,697	1,438,517	6,624,214
2008	5,512,212	1,771,702	7,283,914

Sources: Original data obtained from aggregate assessed valuation reports provided by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008.

BUDGETING, ACCOUNTING AND AUDITING PROCEDURES

Budget Process

The City Charter requires that the City Council adopt an annual budget for the City's May 1 through April 30 fiscal year. In fulfilling this requirement, the City's year-round budget and planning process consists of four phases:

Budget Development. The Office of Management and Budget issues budget instructions to city departments, boards, and commissions to be used in estimating revenues and requesting the appropriations necessary to fulfill their needs in the next fiscal year. Departments prepare their budget requests based on estimates of work to be performed and their cost. The amounts requested must be justified in terms of the results to be achieved. The City Charter requires that departments submit their requests to the City Manager on or before the 15th day of November. During this phase, the City Council also convenes budget priority sessions to provide staff with information on City Council funding priorities.

Budget Review. The Office of Management and Budget performs technical and policy reviews of departmental budget requests and forwards recommendations to the City Manager. The Budget Director and the City Manager confer with departmental staff to formulate a balanced budget. This draft budget is provided to the Mayor no later than January 15th for review and comment.

Budget Consideration and Adoption. The Mayor and the City Manager transmit their official recommended budget to the City Council by the second regular meeting of February. The City Council, meeting as a Committee of the Whole and through the Finance and Audit Committee reviews the budget and holds hearings with the public, the City Manager, and department directors. The City Charter requires that the City Council adopt a balanced budget no later than its fourth meeting in March.

Administration of the Budget. After the budget has been adopted by the City Council, the approved appropriations and revenues are entered into the City's financial accounting system. Each quarter the Office of Management and Budget reviews the financial performance of departments and, on the basis of this analysis, makes necessary budget adjustments to ensure the City's financial stability. Strict budgetary compliance is maintained through the checks and balances of administrative regulations, Finance Department Manuals of Instruction, and an automated accounting system. Department budgets can be increased or decreased only by passage of an ordinance by the Council.

Accounting Procedures and Annual Audit

Under the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34) – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments a dual reporting perspective is required for financial statement presentation. This dual perspective includes both a fund basis perspective and an entity wide perspective. Fiscal year 2002-03 was the first year of implementation of GASB 34 for the City.

Under the fund basis perspective, the City reports on a modified accrual basis of accounting for the various Governmental fund types and the accrual basis of accounting is utilized by the Proprietary and Fiduciary fund types. Under the entity wide perspective the accrual basis of accounting is utilized.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and ensures that financial statements present fairly the results of operations of the various funds of the City. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The Charter requires an annual audit of the City's financial statements by an independent certified public accountant. In addition to meeting the requirements set forth in the Charter, the City has obtained an audit in accordance with the provisions of the Office of Management and Budget Circular A-133.

CITY OF KANSAS CITY, MISSOURI
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In thousands)

	2004	2005	2006	2007	2008
Revenues:					
Taxes	455,815	497,869	533,603	555,646	576,444
Licenses, fees, and permits	97,350	96,899	112,428	113,307	154,948
Fines and penalties	16,970	16,757	16,371	17,187	17,091
Rents and concessions	9,836	10,859	20,921	18,556	15,852
Charges for services	44,712	38,859	42,885	41,453	46,385
Special assessments	2,886	5,206	6,794	6,710	7,094
Intergovernmental	104,007	89,449	83,373	100,628	103,517
Investment earnings	7,925	12,067	28,268	47,737	37,493
Contributions	5,961	5,948	11,584	44,430	42,164
Lease rentals	—	—	—	—	—
Other revenues	7,123	5,761	5,472	9,373	9,184
Total revenues	752,585	779,674	861,699	955,027	1,010,172
Expenditures:					
General government	53,979	57,296	72,585	98,356	117,593
Fire	79,643	89,594	105,628	97,493	94,735
Public works	66,955	74,155	133,761	214,404	57,309
Codes administration	6,804	8,140	6	—	—
Neighborhood development	57,476	44,566	40,771	39,375	33,497
Health	55,680	47,614	60,014	62,409	66,386
Culture and recreation	43,720	42,717	47,883	42,641	42,385
Convention facilities	17,440	19,290	29,530	26,721	21,263
Pollution control	16,977	17,166	398	—	—
Nondepartmental	49,107	44,472	57,114	46,813	84,653
Police	139,935	144,545	153,606	165,071	182,998
Intergovernmental	27,764	47,289	48,402	47,964	47,893
Capital outlay	86,257	207,885	288,602	289,661	334,251
Debt service:					
Interest	30,478	32,235	49,339	59,544	66,951
Principal	32,646	38,539	39,931	43,977	59,501
Bond issuance costs	1,113	9,173	3,043	4,340	3,160
Total expenditures	765,974	924,676	1,130,613	1,238,769	1,212,575
Excess of revenues over (under) expenditures	(13,389)	(145,002)	(268,914)	(283,742)	(202,403)
Other financing sources (uses):					
Issuance of debt	69,125	654,631	231,388	334,618	222,332
Premium/discount on bond issue	1,770	6,168	8,183	10,715	4,514
Payment to refund bond escrow agent	(13,667)	(23,097)	(173,205)	(107,666)	(121,225)
Proceeds of capital leases	4,018	—	—	—	
Transfers in	115,998	151,070	188,462	150,193	159,105
Transfers out	(115,640)	(150,386)	(188,147)	(150,869)	(160,069)
Total other financing sources (uses)	61,604	638,386	66,681	236,991	104,657
Restatement of beginning fund balance	—	—	—	—	—
Net change in fund balance	48,215	493,384	(202,233)	(46,751)	(97,746)
Debt service expenditures	63,124	70,774	89,270	103,521	126,095
Capital outlays	86,257	207,885	288,602	289,661	334,841
Net expenditures	679,717	716,791	842,011	951,973	863,729
Debt Service as a percentage of non-capital expenditures	9.3%	9.9%	10.6%	10.9%	14.6%

Source: Statistical Data Section of the Comprehensive Annual Financial Report for Fiscal Year 2008.

Note: In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments. This statement, known as the "reporting model" statement, affects the way the City prepares financial information. The City also adopted the provisions of Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis. The effect of adopting these standards was to decrease previously reported Fiscal Year 2002 fund balance in the General Fund by $3,717,000. The City adopted these provisions on May 1, 2002.

Previously shown numbers found in older reports from fiscal years 2004 - 2006 have changed because they included general, special revenue, debt service and the major capital improvements funds. The data presented above includes revenues, expenditures and other financing sources and uses from all governmental funds.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008.

Governmental Funds: Revenues

Sources of revenue for the City's governmental funds are widely diversified as shown in the following table:

GOVERNMENTAL FUND REVENUES
(Amount Expressed in Thousands)

Revenues	FY 2007	FY 2008	Increase or (Decrease) from 2007	Percentage Increase or (Decrease)
Taxes	$ 555,646	$ 576,444	$ 20,798	3.74%
Licenses, fees and permits	113,307	154,948	41,641	36.75%
Fines and penalties	17,187	17,091	(96)	-0.56%
Rents and Concessions	18,556	15,852	(2,704)	-14.57%
Charges for services	41,453	46,385	4,932	11.90%
Special assessments	6,710	7,094	384	5.72%
Intergovernmental	100,628	103,517	2,889	2.87%
Investment earnings	47,737	37,493	(10,244)	-21.46%
Contributions	44,430	42,164	(2,266)	-5.10%
Lease rentals	-	-	-	
Other revenues	9,373	9,184	(189)	-2.02%
Total Revenues	**$ 955,027**	**$ 1,010,172**	**$ 55,145**	**5.77%**

Revenues for the City's governmental funds during fiscal year 2008 totaled $1 billion, an increase of 5.77% over fiscal year 2007.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008.

Governmental Funds: Expenditures

The City's governmental funds are used to account for expenditures of traditional government services as shown in following table:

GOVERNMENTAL FUND EXPENDITURES
(Amount Expressed in Thousands)

Expenditures	**FY 2007**	**FY 2008**	**Increase or (Decrease) from 2007**	**Percentage Increase or (Decrease)**
General government	$ 98,356	$ 117,593	$ 19,237	19.56%
Fire	97,493	94,735	(2,758)	-2.83%
Public Works	214,404	57,309	(157,095)	-73.27%
Codes administration	-	-	-	-
Neighborhood Development	39,375	33,497	(5,878)	-14.93%
Health	62,409	66,386	3,977	6.37%
Culture and recreation	42,641	42,385	(256)	-0.60%
Convention facilities	26,721	21,263	(5,458)	-20.43%
Pollution control	-	-	-	-
Non-departmental	46,813	84,653	37,840	80.83%
Police	165,071	182,998	17,927	10.86%
Intergovernmental	47,964	47,893	(71)	-0.15%
Capital outlay	289,661	334,251	44,590	15.39%
Debt service				
Interest	59,544	66,951	7,407	12.44%
Principal	43,977	59,501	15,524	35.30%
Bond issuance costs	4,340	3,160	(1,180)	-27.19%
Total Expenditures	**$ 1,238,769**	**$ 1,212,575**	**$ (26,194)**	**-2.11%**

Expenditures for the City's governmental funds during fiscal year 2008 totaled $1.2 billion, and decrease of 2.11 % over fiscal year 2007.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008.

Governmental Funds: Fund Balances

The fund balance of the General Fund and other selected operating funds for the last five years are shown in the following table (thousands of dollars):

FUND BALANCES
Governmental Funds
Budget Basis (1)

	2004	2005	2006	2007	2008
General Fund	19,089 (2)	17,207 (3)	33,976 (4)	22,807 (5)	27,533 (6)
General Fund Expenditures & Transfers (actual)	380,788	395,633	403,876	445,010	465,988
Fund Balance as a Percent Of Expenditures & Transfers	**5.01%**	**4.35%**	**8.41%**	**5.13%**	**5.91%**
Other Operating Funds					
Park Funds	$1,124	$964	$2,709	$1,155	$1,650
Motor Fuel Tax	800	159	(2,151)	(3,008)	(1,941)
Public Mass Transit	412	1,400	891	2,687	3,606
Convention and Tourism	4,776	16,505	19,081	20,277	14,180
Capital Improvements	148,333	157,283	121,549	114,032	136,306
Other	74,798	89,473	45,626	72,933	111,468
General Debt & Interest	9,363	11,051	10,678	14,120	8,880
Total General & Other Selected Operating Funds	**$258,695**	**$294,042**	**$232,359**	**$245,003**	**$301,682**

(1) The City budgets on a cash basis.

(2) The General Fund balance is adjusted to $12.1 million on May 1, 2004, or 3.18% of General Fund Expenditures and Transfers. This is the result of $12.3 million of revenue re-estimation, $19.9 million of re-appropriations, and the restoration of $0.5 million of unused resources to balance the fiscal year 2004-05 General Fund budget.

(3) The General Fund balance is adjusted to $ 13.5 million on May 1, 2005, or 3.40% of General Fund Expenditures and Transfers. This is the result of $13.8 million of revenue re-estimation, $18.5 million of re-appropriations, and the restoration of $0.9 million of unused resources to balance the fiscal year 2005-06 General Fund budget.

(4) The General Fund balance is adjusted to $ 19.3 million on May 1, 2006, or 4.78% of General Fund Expenditures and Transfers. This is the result of $10.4 million of revenue re-estimation, $25.5 million of re-appropriations, and the restoration of $0.4 million of unused resources to balance the fiscal year 2006-07 General Fund budget.

(5) The General Fund balance is adjusted to $ 19.8 million on May 1, 2007, or 4.45% of General Fund Expenditures and Transfers. This is the result of $3.1 million of re-appropriations, and the restoration of $0.1 million of unused resources to balance the fiscal year 2007-08 General Fund budget.

(6) The General Fund Balance is adjusted to $26.2 million on May 1, 2008 or 5.62% of General Fund Expenditures and Transfers. This is the result of an ending Fund Balance of $27.6 million less $1.4 million of re-appropriations for Police Department encumbrances.

Source: Combining Individual Funds Statements and Schedules of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008.

*PROPERTY TAX VALUATIONS AND REVENUE*S

Assessment Procedure

All taxable real and personal property within the City is assessed annually by the County Assessors. Missouri Law requires that property be assessed at the following percentages of true value:

Personal property	33-1/3%
Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986 requiring biennial reassessment of real property. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with the biennial assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Every person owning or holding real property or tangible personal property on January 1 of any calendar year shall be liable for taxes. Certain properties, such as those used for charitable, educational and religious purposes are excluded from both the real estate ad valorem tax and personal property tax.

History of Property Valuations

The following table shows the total assessed valuation, by category, of all taxable, tangible property located in the City according to the assessment on January 1, 2007 (fiscal year 2008):

Real Property	$5,512,212,585
Individual and Business Personal Property	1,435,441,206
Railroad and Utility Property	336,260,854
TOTAL	**$7,283,914,645**

The total assessed valuation and estimated true valuation of all taxable, tangible property located in the City, according to the assessments on January 1 are shown in the following table:

City of Kansas City, Missouri
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Amount Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1999	3,297,036	1,487,171	4,784,207	1.36	18,351,421	26.07%
2000	3,538,437	1,515,046	5,053,483	1.32	19,690,463	25.66%
2001	3,589,296	1,596,472	5,185,768	1.35	20,513,268	25.28%
2002	3,899,050	1,596,366	5,495,416	1.32	21,866,696	25.13%
2003	3,850,565	1,526,968	5,377,533	1.34	21,608,211	24.89%
2004	4,242,606	1,425,531	5,668,137	1.32	23,292,660	24.33%
2005	4,488,998	1,428,914	5,917,912	1.32	24,214,469	24.44%
2006	5,021,849	1,432,570	6,454,419	1.51	26,915,825	23.98%
2007	5,185,697	1,438,517	6,624,214	1.51	27,709,503	23.91%
2008	5,512,212	1,771,702	7,283,914	1.46	30,428,778	23.94%

Source: Original data was obtained from aggregate assessed valuation reports provided by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008.

Property Tax Levies and Collections

Tax Collection Procedure. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's general obligation debt for the ensuing budget year.

City real estate taxes, other than for railroads and utilities, for property located in Clay County are collected by the City Treasurer. City real estate taxes for property located in Cass, Platte, and Jackson Counties are collected by the County Collector of Revenues in those Counties, who disburse such revenue to the City Treasurer. Property tax revenue collected by the City is due and payable on the first day of November and delinquent after December 31 of the year in which levied. Interest at the rate of one percent per month attaches on November 1 and each month, or part thereof, thereafter to the date of payment. Other real estate taxes as noted above and personal property taxes are due and payable to the Counties and State on November 1 and become delinquent after December 31 of the year in which they are levied.

Tax Rates. The following table shows the City's tax levies per $100 of assessed valuation:

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	City Direct Rates					Overlapping Rates		
Fiscal Year	General	Health	Debt and interest	Museum	Total Direct Tax Rate (1)	Jackson County	Clay County	Platte County
1999	0.6800	0.4900	0.1700	0.0200	1.3600	7.8430	6.6600	6.6600
2000	0.6700	0.4900	0.1400	0.0200	1.3200	7.8030	6.5800	6.7200
2001	0.6700	0.4900	0.1700	0.0200	1.3500	7.8330	6.6530	6.7670
2002	0.6700	0.4900	0.1400	0.0200	1.3200	7.8130	6.8810	6.7440
2003	0.6800	0.5000	0.1400	0.0200	1.3400	7.8330	7.1000	6.8120
2004	0.6692	0.4872	0.1400	0.0195	1.3159	7.7879	7.1549	6.6489
2005	0.6713	0.4887	0.1400	0.0196	1.3196	7.7904	7.2682	6.9620
2006	0.6519	0.6946	0.1400	0.0190	1.5055	7.9089	8.0109	7.1046
2007	0.6519	0.6946	0.1400	0.0190	1.5055	7.9101	8.0144	7.0947
2008	0.6320	0.6728	0.1400	0.0184	1.4632	7.8368	8.2323	6.8183

(1) In addition to this total, there are special levies on assessed value of land exclusive of improvements of $0.50 per $100 for park maintenance and $0.25 per $100 for trafficway maintenance and a boulevard tax of $1.00 per front foot.

Source: Division of Accounts and Treasury Division, Finance Department, City of Kansas City, Missouri.

The tax rate for municipal operating purposes cannot exceed $1.00 per $100 assessed valuation; in fiscal year 2008, the City levied 63.20 cents of this limit. The City levies an annual tax for the purpose of operating hospitals and public health facilities. In 2008, the City levied 45.47 cents per $100 assessed valuation, plus an additional 21.31 cents per $100 assessed valuation for a temporary nine (9) year health levy approved by the voters. For museum purposes in fiscal year 2008, the City levied 1.84 cents of the statutory maximum 10 cents per $100 assessed valuation. There is no legal limitation on the tax rate for the payment of principal and interest on municipal bonded debt. In fiscal year 2008, the City levied 14 cents per $100 assessed valuation.

A Missouri constitutional amendment limiting taxation and government spending, limits the rate of growth of the total amount of taxes which may be imposed in any fiscal year. The limit may not be exceeded without a majority vote. Provisions are included in the amendment for rolling back levy rates to produce an amount of revenue equal to that of the previous year. The assessed valuations of new construction, new personal property, and newly annexed areas are exempt from this limitation.

Tax Collection Record. The following table sets forth tax collection information for the last ten fiscal years:

PROPERTY TAX LEVIES AND COLLECTIONS
(Last Ten Fiscal Years)

	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in	Total Collections to Date	
Fiscal Year	For the Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount (1)	
1999	59,832,199.00	54,654,385.00	91.35	2,261,617.00	56,916,002.00	95.13
2000	62,689,296.00	57,499,904.00	91.72	4,840,270.00	62,340,174.00	99.44
2001	65,588,925.00	60,564,786.00	92.34	4,681,470.00	65,246,256.00	99.48
2002	67,837,113.00	62,197,047.00	91.69	4,439,975.00	66,637,022.00	98.23
2003	65,411,940.00	63,723,322.00	97.42	3,640,763.00	67,364,085.00	102.98
2004	72,536,445.00	67,045,603.00	92.43	4,880,766.00	71,926,369.00	99.16
2005	75,493,396.00	67,963,294.00	90.03	6,504,181.00	74,467,475.00	98.64
2006	92,577,050.00	86,679,031.00	93.63	4,318,080.00	90,997,111.00	98.29
2007	94,118,747.00	87,318,173.00	92.77	5,288,089.00	92,606,262.00	98.39
2008	99,772,803.00	94,242,910.00	94.46	4,902,678.00	99,145,588.00	99.37

Source: The Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2008.

Principal taxpayers for fiscal year 2008 are shown in the following table:

CITY OF KANSAS CITY, MISSOURI
TOP TEN TAXPAYERS

Taxpayer	Type of Business	Assessed Value	Percent of Valuation (1)
Kansas City Power & Light	Electrical Utility	139,502,548	1.92%
Zona Rosa Development LLC	Real Estate	99,854,270	1.37%
Hallmark / Crown Center	Greeting Card, Retail Sales	75,174,534	1.03%
AT&T	Telecommunications	55,903,698	0.77%
Ameristar Casino Kansas City	Gaming	50,703,587	0.70%
Citicorp Credit Services	Financial Services	33,087,556	0.45%
Liberty Mutual Insurance Company	Insurance Services	32,788,800	0.45%
Kansas City Star	News Media	32,779,478	0.45%
JC Nichols & Highwoods Realty Limited	Real Estate	30,256,275	0.42%
DST Systems	Computer Software Services	25,555,330	0.35%
		$575,606,076	**7.90%**

(1) The total assessed valuation for fiscal year 2008 is $7,283,914,645.

Source: Division of Accounts and Treasury Division, Finance Department, City of Kansas City, Missouri.

CASH MANAGEMENT, RISK MANAGEMENT, AND PENSION PLANS

Cash Management

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City maintains pooled and restricted investments in accordance with the City Charter, the Code of Ordinances and the City's Investment Policy.

The investment portfolio at carrying value, excluding pensions and trusts, totaled $846,372,949 on April 30, 2008, and was distributed in the following instruments:

Collateralized Money Market Account	$ 35,043,221
Collateralized Certificates of Deposit	23,350,000
U.S. Treasury Obligations	129,677,543
U.S. Agencies	640,299,218
Commercial Paper	7,999,504
Municipal Securities	10,003,463

The weighted average yield on these investments as of April 30, 2008 was 4.248 percent. Total earnings from investments were $37,550,161, a 15.3 percent increase from the prior Fiscal Year 2007.

Source: Treasury Division, Finance Department, City of Kansas City, Missouri.

Risk Management (Property and Liability Coverage)

The City maintains all risk property insurance for property damage claims related to City buildings and contents, including Aviation property. The City also provides insurance for employee fraud, public official and notary bonding, a tenant and user policy for special events, excess general liability insurance, and excess workers' compensation claims.

The City purchases commercial insurance for buildings, together with their contents. The City pays an annual premium and assumes a $150,000 deductible. The policy is renewable annually.

Boilers and machinery owned by the City are insured in the amount of $400,000,000 with a per occurrence deductible of $150,000.

The City is afforded governmental tort immunity pursuant to Section 537.600, RSMo. However, this state statute specifically waives the City's immunity for damages resulting from its negligence arising out of the operation of a motor vehicle and damages caused by the dangerous condition of its property. The City's liability for these damages cannot exceed the maximum amounts established in Section 537.610, RSMo, which are $300,000 per person and $2,000,000 per occurrence.

Therefore, the City has adopted a risk management program with regard to third party claims for damage and loss. This program would apply to any third party claims for damage or loss based on the negligence of the City or of its employees, officers and agents. The City has a retained risk fund to satisfy claims. Any third party loss exceeding the fund assets would be paid by appropriation passed by the City Council.

Employee Retirement and Pension Plans

The City has two contributory defined benefit pension plans, the Employees' Retirement System and the Firefighters' Pension System (the "Plans"), covering substantially all employees. Contributions to the Plans are made by the City and covered employees. The contributions are calculated to fund normal cost and amortization of unfunded prior service costs. The City receives annual actuarial reports on the present value of accumulated plan benefits and net assets available for benefits.

Historical trend information for the pension systems is as follows (in millions of dollars):

Funding Progress				Employer Contributions		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Plan Year Ended April 30	Annual Required City Contribution	Percentage Contributed
Employees' Retirement System						
5/1/1999	508.3	445.8	114.0	1999 (1)	11.9	100
5/1/2000	597.1	517.0	115.5	2000 (1)	7.3	100
5/1/2001	623.2	573.3	108.7	2001 (1)	8.1	100
5/1/2002	634.0	630.7	100.5	2002	9.1	96.2
5/1/2003	624.9	707.5	88.3	2003	14.0	66.3
5/1/2004	627.1	740.2	84.7	2004	20.0	60.4
5/1/2005	645.6	781.9	82.6	2005	23.4	63.3
5/1/2006	745.7	800.8	93.1	2006	25.8	68.1
5/1/2007	823.0	847.4	97.1	2007	17.7	104.8
5/1/2008	873.7	934.3	93.5	2008	15.6	128.1
				2009	19.4	Not Available

Funding Progress				Employer Contributions		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Plan Year Ended April 30	Annual Required City Contribution	Percentage Contributed
Firefighters' Pension System						
5/1/1999	260.5	270.0	96.5	1999 (2)	6.7	100
5/1/2000	310.0	326.3	95.0	2000 (2)	6.8	100
5/1/2001	314.4	334.8	93.9	2001 (2)	7.0	100
5/1/2002	313.6	358.7	87.4	2002 (2)	7.7	100
5/1/2003	306.2	372.0	82.3	2003 (2)	8.2	100
5/1/2004	318.8	384.2	83.0	2004 (2)	9.6	87.8
5/1/2005	332.4	392.9	84.6	2005 (2)	9.8	89.1
5/1/2006	381.4	434.0	87.9	2006 (2)	9.8	92.7
5/1/2007	412.4	447.9	92.10	2007 (2)	9.4	100.5
5/1/2008	447.2	478.7	93.4	2008 (2)	8.7	113.8
				2009 (2)	9.5	Not Available

(1) For Plan year's ended April 30, 1999 through April 30, 2001, Annual Required Contributions are restated upwards from the figures previously presented in order to match Actual Contributions. This footnote applies only to the Employees' Retirement System.

(2) Actual contributions are shown for plan years ended April 30, 1999 through April 30, 2003 since the effective amortization period is allowable by GASB. The annual required contribution for the plan years ended April 30, 2004 and beyond is based on a 30-year amortization period, which is allowable by GASB.

Sources:

(1) Retirement Division, Human Resources Department, City of Kansas City, Missouri. Report prepared by Cheiron.

Police & Civilian Employees' Retirement System

Two contributory defined benefit pension plans ("Plans") have been established by the Missouri General Assembly for the employees of the Kansas City, Missouri Police Department, the Police Retirement System of Kansas City, Missouri and the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri. The participating employees and the City of Kansas City, Missouri make contributions to the plans. The Board of Trustees contract for annual actuarial valuations to determine the present value of accumulated plan benefits and net assets available for benefits. The contribution rates are calculated to fund normal costs and to amortize the unfunded actuarial accrued liability. The historical trend information for the pension systems is as follows (in millions of dollars):

Funding Progress				Employer Contributions		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Fiscal Year Ended	Annual Required City Contribution	Percentage Contributed
Police Retirement System						
4/30/1999 (2)	484.4	521.6	92.9%	1999	9.9	104%
4/30/2000 (2)	584.5	589.6	99.1%	2000	9.2	118%
4/30/2001 (2)	600.1	615.3	97.5%	2001	10.8	106%
4/30/2002 (2)	620.9	648.6	95.7%	2002	10.8	104%
4/30/2003 (1) (2)	611.2	682.7	89.5%	2003	11.6	104%
4/30/2004 (2)	603.4	712.3	84.7%	2004 (1)	15.1	85%
4/30/2005 (2)	604.6	741.0	81.6%	2005	15.8	84%
4/30/2006 (2)	635.6	775.3	82.0%	2006	19.0	72%
4/30/2007 (2)	698.1	807.9	86.4%	2007	21.4	68%
4/30/2008 (2)	742.0	850.7	87.2%	2008	22.7	69%
				2009	24.3	Not Available
Civilian Employees' Retirement System						
4/30/1999 (2)	47.6	48.6	97.9%	1999	1.0	65%
4/30/2000 (2)	56.9	56.0	101.5%	2000	1.2	82%
4/30/2001 (2)	61.9	62.1	99.7%	2001	1.3	102%
4/30/2002 (2)	66.4	67.8	97.9%	2002	1.4	101%
4/30/2003 (1)(2)	68.2	83.0	82.1%	2003	1.8	89%
4/30/2004 (2) (3)	69.9	89.1	78.4%	2004 (1)	2.9	54%
4/30/2005 (2)	72.4	97.1	74.5%	2005	3.1	52%
4/30/2006 (2)	78.8	105.9	74.4%	2006 (3)	3.5	62%
4/30/2007 (2)	89.1	110.4	80.7%	2007	3.9	70%
4/30/2008 (2)	98.0	117.6	83.3%	2008	4.2	80%
				2009	4.3	Not Available

(1) After changes in actuarial assumptions or methods.
(2) For valuation years 2001 and prior, and 2007 and later valuation, payroll includes projected salary increases for year following valuation. For valuation years 2002 through 2006, valuation payroll is payroll reported in data after annualization of pays for new hires.
(3) After changes in benefit provisions.

Sources: Human Resources Division, City of Kansas City, Missouri Police Department.

In July 2004, the Governmental Accounting Standards Board ("**GASB**") issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Specifically, the City is required to measure and disclose an amount for annual OPEB cost on the accrual basis for health benefits that will be provided to retired employees in future years. The disclosure requirement for the City begins with the fiscal year ending April 30, 2008.

The following table displays specific information from the City's and Police Department's most recent OPEB actuarial reports (in thousands):

Other Post Employment Benefits (OPEB)

Actuarial valuation date	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL) entry age	(b)-(a) Unfunded (assets in excess of) AAL (UAAL)	(a)/(b) Funded ratio	(c) Covered payroll	[(b)-(a)]/(C) UAAL as a percentage of covered payroll
City of Kansas City - Employee/Firefighter Other Post Employment Benefits						
5/1/06	$ -	150,376	150,376	–%	$ 193,387	77.76%
Board of Police Commissioners -Police Civilian Other Post Employment Benefits						
5/1/06	$ -	31,356	31,356	–%	$ 92,800	33.79%

Source: Required Supplementary Section of the City of Kansas City, Missouri Comprehensive Annual Report for Fiscal Year 2008.

DEBT INFORMATION

Prepared by Treasury Division Staff

Debt Structure of the City

General Obligation Bonds. The City is authorized to issue general obligation bonds payable from ad valorem taxes to finance capital improvements upon a four-sevenths (4/7) majority vote of qualified voters at the general municipal election day, primary or general elections and a two-thirds (2/3) majority vote at all other elections. At the general election on April 6, 2004, voters authorized the issuance of $300,000,000 in General Obligation Bonds. Of that amount, voters approved: 1) $250,000,000 for the purpose of paying for deferred maintenance and basic capital infrastructure such as streets, bridges, catch basins and other capital projects, 2) $30,000,000 for the purpose of paying for deferred maintenance and capital infrastructure and improvements for the Kansas City Zoological Garden, and 3) $20,000,000 for the purpose of paying for capital improvements for the World War I Museum Project at Liberty Memorial Museum Project, which includes the construction, acquisition, renovation, equipping, furnishing and other costs for the museum, exhibits, library and educational facilities.

Neighborhood Improvement District Bonds. The City may also issue certain neighborhood improvement district ("NID") bonds without a vote and these bonds are payable as to both principal and interest from special assessments against real property benefitted by the acquisition and construction of improvement and, if not so paid, from current income and revenues and surplus funds of the City. The City indebtedness of NID bonds, shall be treated equally as general obligation indebtedness, except that the City is not authorized to impose any new or increased ad valorem property tax to pay principal and interest on the NID bonds without voter approval.

As of April 30, 2009 (fiscal year end), the City had an outstanding total aggregate principal amount of $294,100,000 of general obligation bonds, which includes the outstanding balance of $505,000 Neighborhood Improvement District Bonds. The remaining general obligation voted authority is $104,915,000.

Revenue Bonds, Notes and Loans. The City is authorized to issue revenue bonds to finance capital improvements for its water system, pollution control sewerage system, airport facilities and museum. These types of revenue bonds presently require a simple majority vote of the qualified electorate voting on specific questions. Under current State Law, the City has the authority to issue revenue bonds without an election to finance the building of toll fee bridges and toll fee parking facilities. All revenue bonds issued by the City are payable out of the revenues derived from the operation of the facility that is financed from the proceeds of such bonds. Revenue bonds do not carry the full faith and credit of the City in servicing the bonded indebtedness and such bonds are not considered in determining the legal debt margin.

As of April 30, 2009, the City had an outstanding total of $834,959,261 aggregate principal amount of revenue bonds which includes $244,599,261 in water revenue bonds and lease purchase agreements, $233,705,000 in sewer revenue bonds, $238,375,000 in airport revenue bonds and $112,965,000 in airport passenger facility charge revenue bonds. To match funds from grants for storm water projects, the City entered into loans with the Missouri Department of Natural Resources ("MDNR"). As of April 30, 2009, the City had an outstanding balance of $5,315,500 aggregate principal amount of MDNR storm loans.

As of April 30, 2009, the City had remaining voted authority for $240,416,000 in airport revenue bonds, $156,090,000 in water revenue bonds, $140,520,000 in sewer bonds and $5,000,000 in museum revenue bonds.

Lease Revenue Bonds and Equipment Leases. The City may enter into financing arrangements for building projects through lease-leaseback purchase agreements with not-for-profit corporations or bond issuing authorities, which may issue tax-exempt bonds without voter approval to finance City projects. The City has financed several projects through the Kansas City Municipal Assistance Corporation ("KCMAC"). The City makes annual lease payments under these lease arrangements in an amount required to pay debt service on the bonds. The City's obligations under these leases are subject to annual appropriation and must be budgeted each year and do not constitute an indebtedness of the City beyond the current lease term. As of April 30, 2009, the City had capital leases pursuant to such arrangements outstanding at total aggregate principal of $286,985,927.

From time to time, the City enters into lease purchase agreements for real property and equipment, such as the purchase of land, buildings, communications equipment, vehicles, and computer hardware. As of April 30, 2009, the City had an outstanding aggregate principal total of $40,414,051 of such equipment leases.

Limited Obligation Notes and Bonds. As of April 30, 2009, the City had outstanding a total of $879,007,500 aggregate principal in limited obligation bonds and notes that do not constitute an indebtedness of the City. The City has agreed, subject to annual appropriation, to pay any debt service on three separate bond series issued by the Planned Industrial Expansion Authority of Kansas City to finance improvements of the City Market, Kemper Arena and 300 Wyandotte Parking Garages. These series have an outstanding total aggregate principal balance of $27,870,000.

As of April 30, 2009, notes and bonds issued by the Missouri Development Finance Board ("MDFB") and secured by an annual appropriation pledge of the City were outstanding at a total of $2,582,500 aggregate principal. The MDFB notes and bonds include the following: $382,500 principal outstanding for the MDFB Loan issued in 1996 to finance the Harley-Davidson Project and $2,200,000 principal outstanding for the Series 1998 Taxable Infrastructure Facilities Revenue Bonds to finance the Valentine Shopping Center Redevelopment Project.

As of April 30, 2009, lease revenue bonds issued by the Land Clearance for Redevelopment Authority ("LCRA") were outstanding at a total of $30,665,000 in aggregate principal amount which includes the following: $3,850,000 principal outstanding for the Series 1996A Bonds for financing the renovations of the Metropolitan Ambulance Services Trust Facility; $26,815,000 principal outstanding for the Series 2005E Bonds for refinancing the Series 1995A Municipal Auditorium and Muehlebach Hotel Redevelopment Projects and providing new monies for the Auditorium Plaza Garage. The LCRA bonds are secured by an annual appropriation pledge of the City.

The City issued eleven (11) series of leasehold revenue bonds under the Industrial Development Authority of Kansas City, Missouri ("IDA"). The total bonds outstanding as of April 30, 2009, are $356,910,000; this includes the Series 2001 Bonds issued to finance the Century Towers Redevelopment Project, which has an outstanding balance of $16,055,000. In addition, the Series 2005A & B and 2006A & B issued to help finance the City's Downtown Redevelopment District have outstanding balances of $179,900,000 and 115,635,000 respectively as of April 30, 2009. The Civic Mall Project's balance is $4,575,000 and the Midtown and Uptown Redevelopment have a balance of $40,745,000. All of the IDA's bonds have an annual appropriation pledge of the City.

The Tax Increment Financing Commission of Kansas City, Missouri ("TIFC") has issued bonds on behalf of the City. As of April 30, 2009, Blue Parkway Town Center Retail Project has a outstanding balance of $15,330,000.

As of April 30, 2009, the Special Obligation Bonds issued by the City have an outstanding balance of $415,770,000. This includes the $27,595,000 outstanding balance of the Series 2008A, which is comprised of the following projects: $5,570,000 for the Refunding KCMAC Hodge Park Series 1998A, $2,090,000 for the Swope Ridge Geriatric Center, $2,910,000 for the Second Street Streetscape Project, $13,900,000 for the Tow Lot Project and $3,125,000 for the Columbus Park Project. The aforementioned balance also includes the East Village Project, Series 2008B with a balance of $29,310,000 as of April 30, 2009, the Arena 2008C & D with a balance of $203,525,000 and $15,940,000, as of April 30, 2009, the Bartle Hall Bonds, Series 2008E and F with balances of $81,400,000 and $20,865,000, respectively, the 909 Walnut Bonds, Series 2009A with a balance of $7,490,000, the President Hotel Bonds, Series 2009B with a balance of $17,400,000, Chouteau I-35 Bonds, Series 2009C with a balance of $6,485,000 and Chouteau I-35 Bonds, Series 2009D with a balance of $5,760,000. The Special Obligation Bonds are secured by an annual appropriation of the City.

On August 1, 2005, the City issued special facility revenue bonds to fund the Kansas City International Airport Overhaul Base project. The bonds were issued under the August 2000 airport revenue bonds authorization. The bonds are special limited obligations of the City from certain lease revenues, sales tax revenues and the Extension and Bond Retirement Account of the Airport Fund. Subject to annual appropriation, the bonds are also payable from the other funds of the City. As of April 30, 2009, the outstanding balance is $29,880,000.

After April 30, 2009, the following limited obligation bonds were issued:

Issue Date	Bond Name	Par Amount
July 9, 2009	Special Obligation Series 2009E (Performing Arts Center Garage)	$53,236,703.55

Missouri Transportation Finance Corporation ("MTFC") Loans. The City entered into a direct loan agreement with MTFC for $10,000,000. Loan proceeds will be used for the construction of a new Paseo Bridge. MTFC will disburse the funds to the City in five (5) annual installments. As of April 30, 2009, the City has received $4 million.

Tax and Revenue Anticipation Notes. At the present time the City has no tax and revenue anticipation notes outstanding and has no plans to issue such notes in the immediate future.

Debt Service Requirements

The following debt service tables show the principal and interest requirements for each respective fiscal year for City's outstanding debt as of April 30, 2009:

PRINCIPAL AND INTEREST REQUIREMENTS ON OUTSTANDING OBLIGATIONS AS OF APRIL 30, 2009

Fiscal Year	Outstanding Long-Term General Obligation Bonds Principal	Interest	Total	% of Principal Retired
2010	17,010,000	14,357,976	31,367,976	
2011	13,085,000	13,538,090	26,623,090	
2012	12,660,000	12,932,611	25,592,611	
2013	15,335,000	12,325,419	27,660,419	
2014	16,550,000	11,645,063	28,195,063	25.38%
2015	17,650,000	10,835,310	28,485,310	
2016	18,905,000	9,970,975	28,875,975	
2017	20,030,000	9,044,623	29,074,623	
2018	12,870,000	8,061,183	20,931,183	
2019	13,915,000	7,434,855	21,349,855	53.73%
2020	14,990,000	6,755,715	21,745,715	
2021	16,160,000	6,021,748	22,181,748	
2022	17,380,000	5,218,213	22,598,213	
2023	17,755,000	4,353,225	22,108,225	
2024	16,790,000	3,468,150	20,258,150	81.97%
2025	13,970,000	2,631,450	16,601,450	
2026	14,670,000	1,952,250	16,622,250	
2027	15,415,000	1,218,750	16,633,750	
2028	8,960,000	448,000	9,408,000	100.00%
	$ 294,100,000	$ 142,213,604	$ 436,313,604	

* Debt service represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt PFC and Airport Revenue Bonds Principal	Interest	Total	% of Principal Retired
2010	18,940,000	16,918,686	35,858,686	
2011	18,645,000	15,961,764	34,606,764	
2012	19,555,000	15,007,140	34,562,140	
2013	20,245,000	14,044,864	34,289,864	
2014	25,270,000	12,949,358	38,219,358	29.22%
2015	26,455,000	11,715,435	38,170,435	
2016	27,410,000	10,395,831	37,805,831	
2017	28,710,000	8,983,455	37,693,455	
2018	30,095,000	7,506,955	37,601,955	
2019	24,545,000	6,182,153	30,727,153	68.27%
2020	16,215,000	5,219,858	21,434,858	
2021	17,025,000	4,407,041	21,432,041	
2022	12,135,000	3,700,643	15,835,643	
2023	12,740,000	3,107,538	15,847,538	
2024	13,380,000	2,482,508	15,862,508	88.62%
2025	14,045,000	1,823,625	15,868,625	
2026	14,755,000	1,130,630	15,885,630	
2027	5,455,000	401,256	5,856,256	
2028	5,720,000	135,850	5,855,850	100.00%
	$ 351,340,000	$ 142,074,588	$ 493,414,588	

This debt service schedule does not include the Special Facility Airport Revenue Bonds Series 2005G. They are included under the table, “Outstanding Long-Term Debt Other Limited Obligations Notes and Bonds” on page C-30.

* Debt service represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Water Revenue Bonds and Lease Purchase Agreements Principal	Interest	Total	% of Principal Retired
2010	11,259,689	8,234,200	19,493,889	
2011	14,431,993	10,370,832	24,802,825	
2012	15,267,176	9,783,432	25,050,608	
2013	14,267,362	9,175,597	23,442,960	
2014	14,736,391	8,703,784	23,440,175	28.60%
2015	15,459,435	8,103,465	23,562,901	
2016	13,321,666	7,496,214	20,817,881	
2017	13,923,176	6,892,623	20,815,800	
2018	12,132,372	6,294,152	18,426,524	
2019	12,035,000	5,724,368	17,759,368	55.94%
2020	12,020,000	5,150,124	17,170,124	
2021	12,540,000	4,606,632	17,146,632	
2022	11,220,000	3,986,279	15,206,279	
2023	11,655,000	3,523,982	15,178,982	
2024	10,965,000	2,948,508	13,913,508	79.82%
2025	9,320,000	2,414,749	11,734,749	
2026	5,850,000	1,983,497	7,833,497	
2027	6,120,000	1,707,832	7,827,832	
2028	6,500,000	1,419,440	7,919,440	
2029	3,900,000	1,113,188	5,013,188	92.77%
2030	4,085,000	927,938	5,012,938	
2031	4,300,000	713,475	5,013,475	
2032	4,525,000	487,725	5,012,725	
2033	4,765,000	250,163	5,015,163	
	$ 244,599,261	$ 112,012,197	$ 356,611,458	100%

* Debt service represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Sanitary Sewer Revenue Bonds Principal	Interest	Total	% of Principal Retired
2010	11,155,000	10,257,013	21,412,013	
2011	13,350,000	10,578,316	23,928,316	
2012	13,820,000	9,970,129	23,790,129	
2013	13,550,000	9,346,131	22,896,131	
2014	14,010,000	8,697,140	22,707,140	28.19%
2015	14,395,000	8,018,718	22,413,718	
2016	13,420,000	7,306,298	20,726,298	
2017	11,885,000	6,646,233	18,531,233	
2018	10,900,000	6,075,261	16,975,261	
2019	11,310,000	5,573,639	16,883,639	54.68%
2020	11,005,000	5,047,116	16,052,116	
2021	10,960,000	4,524,100	15,484,100	
2022	9,830,000	4,039,075	13,869,075	
2023	9,240,000	3,579,794	12,819,794	
2024	7,870,000	3,191,569	11,061,569	75.61%
2025	6,765,000	2,817,950	9,582,950	
2026	5,220,000	2,482,975	7,702,975	
2027	5,460,000	2,221,975	7,681,975	
2028	5,720,000	1,959,475	7,679,475	
2029	5,995,000	1,684,450	7,679,450	88.09%
2030	6,055,000	1,396,150	7,451,150	
2031	6,355,000	1,099,219	7,454,219	
2032	6,670,000	787,456	7,457,456	
2033	4,270,000	460,163	4,730,163	
2034	4,495,000	235,988	4,730,988	100.00%
	$ 233,705,000	$ 117,996,331	$ 351,701,331	

* Debt service represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Storm Water Loan Principal	Interest	Total	% of Principal Retired
2010	365,900	84,717	450,617	
2011	370,900	78,847	449,747	
2012	378,000	72,889	450,889	
2013	383,100	66,825	449,925	
2014	389,200	60,678	449,878	35.50%
2015	396,300	54,426	450,726	
2016	402,500	48,068	450,568	
2017	408,600	41,609	450,209	
2018	415,800	35,045	450,845	
2019	422,000	28,373	450,373	73.98%
2020	428,200	21,601	449,801	
2021	434,600	14,722	449,322	
2022	353,000	7,749	360,749	
2023	27,000	2,155	29,155	
2024	28,000	1,770	29,770	97.89%
2025	28,000	1,378	29,378	
2026	29,000	979	29,979	
2027	29,000	573	29,573	
2028	26,400	185	26,585	100.00%
	$ 5,315,500	$ 622,585	$ 5,938,085	

* Debt service represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt MTFC Loan Principal	Interest	Total	% of Principal Retired
2010	359,725	160,761	520,486	
2011	590,348	229,652	820,000	
2012	866,829	288,857	1,155,686	
2013	1,203,247	336,451	1,539,698	
2014	1,253,783	285,914	1,539,698	43.49%
2015	1,306,442	233,255	1,539,698	
2016	1,361,313	178,385	1,539,698	
2017	1,418,488	121,210	1,539,698	
2018	1,467,455	61,633	1,529,089	100.00%
	$ 9,827,631	$ 1,896,118	$ 11,723,749	

(1) The Missouri Transportation Finance Commission will disburse the funds to the City in five installment payments of $2,000,000 each.

* Debt service represents amount due for the whole fiscal year.

Fiscal Year	Outstanding Long-Term Debt KCMAC Leasehold Revenue Bonds Principal	Interest	Total	% of Principal Retired
2010	23,239,886	15,261,968	38,501,854	
2011	15,205,000	9,412,910	24,617,910	
2012	17,040,000	8,749,395	25,789,395	
2013	14,595,000	7,935,325	22,530,325	
2014	15,575,000	7,263,423	22,838,423	29.85%
2015	16,585,000	6,540,598	23,125,598	
2016	19,515,000	5,765,740	25,280,740	
2017	17,015,000	4,842,020	21,857,020	
2018	17,410,000	4,016,458	21,426,458	
2019	25,750,000	3,170,995	28,920,995	63.39%
2020	21,110,000	1,905,988	23,015,988	
2021	14,708,183	9,263,261	23,971,444	
2022	11,043,451	9,718,137	20,761,588	
2023	10,749,498	10,390,259	21,139,756	
2024	7,209,817	9,643,627	16,853,444	85.98%
2025	1,080,000	95,119	1,175,119	
2026	7,708,309	13,305,910	21,014,219	
2027	6,421,104	14,218,896	20,640,000	
2028	6,326,780	15,143,220	21,470,000	
2029	6,233,252	16,101,748	22,335,000	95.66%
2030	6,105,467	17,114,533	23,220,000	
2031	6,010,211	18,139,790	24,150,000	
2032	349,971	1,140,029	1,490,000	100.00%
	$ 286,985,927	$ 209,139,346	$ 496,125,273	

* Debt service represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Lease Purchase Agreements Principal	Interest	Total	% of Principal Retired
2010	8,994,831	1,462,605	10,457,435	
2011	9,071,738	1,099,767	10,171,506	
2012	8,225,871	743,713	8,969,584	
2013	6,820,050	447,982	7,268,032	
2014	5,096,076	190,904	5,286,980	94.54%
2015	1,889,360	51,910	1,941,270	
2016	316,124	4,313	320,437	
	$ 40,414,051	$ 4,001,193	$ 44,415,244	100.00%

* Debt service represents amount due for the whole Fiscal Year.

Outstanding Long-Term Debt
Other Limited Obligation Notes and Bonds

	Outstanding Long-Term Debt: Other Limited Obligations Notes and Bonds			Performing Arts Center 2009E[2]		Total[3]	% of Principal
	Principal	Interest[1]	Total	Principal	Interest	Debt Service	Retired
2010	17,705,000	45,503,884	63,208,884			63,208,884	
2011	20,375,000	44,638,393	65,013,393	934,998	45,002	65,993,393	
2012	21,657,500	43,707,985	65,365,485	1,781,075	158,925	67,305,485	
2013	23,460,000	42,657,482	66,117,482	2,707,591	397,409	69,222,482	
2014	25,485,000	41,529,263	67,014,263	118,801	26,199	67,159,263	12.25%
2015	28,825,000	40,218,146	69,043,146	96,378	28,623	69,168,146	
2016	27,640,000	38,864,263	66,504,263	75,823	29,177	66,609,263	
2017	27,005,000	37,429,489	64,434,489	205,271	99,729	64,739,489	
2018	28,590,000	36,075,806	64,665,806	5,513,928	3,266,072	73,445,806	
2019	30,075,000	34,582,578	64,657,578	5,142,563	3,642,437	73,442,578	28.68%
2020	29,870,000	33,010,313	62,880,313	4,633,385	4,151,615	71,665,313	
2021	31,100,000	31,443,332	62,543,332	4,304,551	4,485,449	71,333,332	
2022	34,840,000	29,763,773	64,603,773	3,994,689	4,800,311	73,398,773	
2023	28,475,000	28,093,858	56,568,858	3,984,904	5,470,096	66,023,858	
2024	31,985,000	26,534,173	58,519,173	3,691,327	5,763,673	67,974,173	47.66%
2025	49,170,000	24,756,044	73,926,044	3,411,639	6,038,361	83,376,044	
2026	32,150,000	21,596,403	53,746,403	3,164,427	6,285,573	63,196,403	
2027	34,420,000	19,903,979	54,323,979	2,921,846	6,528,155	63,773,979	
2028	38,070,000	18,102,203	56,172,203	2,684,084	6,765,917	65,622,203	
2029	34,280,000	16,232,703	50,512,703	3,869,425	10,905,575	65,287,703	69.55%
2030	36,480,000	14,474,318	50,954,318			50,954,318	
2031	36,245,000	12,664,165	48,909,165			48,909,165	
2032	45,955,000	10,927,972	56,882,972			56,882,972	
2033	46,350,000	8,535,104	54,885,104			54,885,104	
2034	39,850,000	6,192,511	46,042,511			46,042,511	91.53%
2035	11,300,000	4,252,273	15,552,273			15,552,273	
2036	12,045,000	3,649,479	15,694,479			15,694,479	
2037	12,830,000	3,006,746	15,836,746			15,836,746	
2038	13,515,000	2,321,753	15,836,753			15,836,753	
2039	14,240,000	1,599,489	15,839,489			15,839,489	98.39%
2040	15,020,000	821,445	15,841,445			15,841,445	
	$ 879,007,500	$ 723,089,324	$ 1,602,096,824	$ 53,236,704	$ 68,888,296	$ 1,724,221,824	100.00%

(1) The "Interest Column" includes nine (9) variable rate demand (VRDO) tax-exempt and taxable bonds. Future interest rates on these bonds were base on an estimate interest rate of 3.3% to 7.5% and 5.50% for tax-exempt and taxable VRDO bonds, respectively. In addition, remarketing bank surveillance fees for variable rate demand bonds were also added to the total interest amounts. Rate assumptions are for illustration purposes and actual rates will vary.

(2) The bond sale date was July 9, 2009. The average life of the bonds is 12.254 years.

(3) The Special Facility Airport Revenue Bonds, Series 2005G, which has an annual appropriation of the City, is included in the above total.

* Debt service represents amount due for the whole Fiscal Year.

Authority

The following table summarizes the City's total bond authority as of April 30, 2009:

AUTHORIZED UNISSUED DEBT
(Amounts Expressed in Thousands)

Type/Purpose	Authorized Date	Authorized Amount	Amount Issued	Total Unissued
General Obligation Bonds:				
Deferred Maintenance and Capital Infrastructure	April 6, 2004	250,000	149,585	100,415
KC Zoological Garden	April 6, 2004	30,000	25,500	4,500
Liberty Memorial Museum	April 6, 2004	20,000	20,000	0
Subtotal		**$300,000**	**$195,085**	**$104,915**
Revenue Bonds:				
Kansas City Museum	Mar. 8, 1988	5,000	0	5,000
Airport	Aug. 8, 2000	395,000	154,584	240,416
Water System	Aug. 6, 1996	150,000	150,000	0
Water System	Aug. 2, 2005	250,000	93,910	156,090
Sewer	Aug.2, 2005	250,000	109,480	140,520
Subtotal		**$1,050,000**	**$507,974**	**$542,026**
TOTAL		**$1,350,000**	**$703,059**	**$646,941**

Source: Treasury Division, Finance Department, City of Kansas City, Missouri.

History of Indebtedness

The following tables set forth the general bonded debt information pertaining to the City as of the end of the last ten fiscal years.

City of Kansas City, Missouri
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Amounts Expressed In Thousands)

Fiscal Year		General Obligation Bonds (1)	Other Bonds and Leases (2)	Total	Percentage of Actual Taxable Value(1) of Property	Per Capita
1999	$	121,460	440,440	561,900	3.06%	1,284
2000		114,395	462,378	576,773	2.93%	1,305
2001		164,365	425,509	589,874	2.88%	1,326
2002		164,150	476,164	640,314	2.93%	1,428
2003		153,990	481,388	635,378	2.94%	1,404
2004		161,955	498,020	659,975	2.83%	1,442
2005		242,020	1,048,257	1,290,277	5.33%	2,789
2006		228,130	1,079,596	1,307,726	4.86%	2,790
2007		289,725	1,204,937	1,494,662	5.39%	3,141
2008		311,325	1,217,867	1,529,192	5.03%	3,182

1) In Fiscal Year 1999 to 2000, Notes to General Purpose Financial Statements included the outstanding balance of the General Obligation Bonds, Series 1998 crossover refunding bonds and the amount it refunded. The outstanding principal balance above only includes the balance of Series 1998.

Only the general obligation bonds of the City are payable as to both principal and interest from ad valorem taxes.

(2) Includes KCMAC leasehold revenue bonds, lease purchase agreements and other limited obligations. It also includes actual outstanding balances of bonds that were considered as "contingent liabilities" in the City of Kansas City, Missouri's CAFR for Fiscal Year 2008. It does not include the Special Facility Airport Revenue Bonds, Series 2005G. The series 2005G were classified under business type activities in the CAFR.

Note: The Debt per Capita may change from time to time due to periodic review of the population estimates by the U.S. Census Bureau.

Source: Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Report for Fiscal Year 2008.

Direct and Overlapping Indebtedness

Other governmental entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. The following statements of direct and estimated overlapping ad valorem and other net direct debt were compiled from a survey of the various taxing districts.

CITY OF KANSAS CITY, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

APRIL 30, 2008

	General obligation and other net direct debt		Percentage applicable to this municipality (1)	Municipality's share of debt
Direct debt:				
City of Kansas City	$ 1,559,641,624	(2)	100.0%	$ 1,559,641,624 (3)
Overlapping debt:				
Clay County	$ 20,614,291		46.2%	9,523,802
Jackson County	601,086,982		43.8%	263,276,098
Platte County	62,527,147		53.5%	33,452,024
Cass County	—		0.0%	—
Metropolitan Junior College District	74,110,923		55.2%	40,909,229
Platte County School Districts:				
A. Park Hill Reorganized No. 5	96,487,489		43.0%	41,489,620
B. Platte County Reorganized No. 3	73,271,755		40.0%	29,308,702
Clay County School Districts:				
C. Smithville No. 27	23,345,000		3.4%	793,730
D. North Kansas City No. 74	244,268,443		83.1%	202,987,076
E. Liberty No. 53	162,257,151		1.0%	1,622,571
Jackson County School Districts:				
F. Kansas City No. 33	67,185,000		93.0%	62,482,050
G. Raytown No. 2	97,505,000		45.0%	43,877,250
H. Independence No. 30	121,046,329		2.8%	3,389,297
I. Lee's Summit Reorganized No. 7	277,635,000		99.0%	274,858,650
J. Center No. 58	39,310,000		100.0%	39,310,000
K. Hickman Mills Consolidated No. 1	32,505,000		1.0%	325,050
L. Grandview Consolidated No. 4	38,305,380		52.1%	19,957,103
Total overlapping debt	$ 2,031,460,890			1,067,562,252
Total direct and overlapping debt				$ 2,627,203,876

(1) The percentage is derived by dividing the total assessed valuation of the taxing jurisdiction within Kansas City by the total assessed valuation of the taxing jurisdiction.

(2) This amount includes $311,325,000 of general obligation bonds payable and $1,248,316,624 of leasehold revenue bonds, lease purchase agreements, and limited obligation notes and bonds. The limited obligation includes the special facility airport revenue bonds, series 2005G, which is secured by the City's annual appropriation pledge.

(3) The total debt outstanding number includes actual balances of bonds that were considered as contingent liability in the City of Kansas City, Missouri's CAFR for fiscal year 2008.

CITY OF KANSAS CITY, MISSOURI

LEGAL DEBT MARGIN OBLIGATION

LAST TEN FISCAL YEARS

	Fiscal year									
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Assessed valuation for City, county, and state purposes (Table 7)	$ 4,784,207,000	5,053,483,000	5,185,768,000	5,495,416,000	5,377,533,000	5,668,137,000	5,917,911,512	6,454,419,000	6,624,214,000	7,283,914,645
Constitutional debt limit (1) (2)	956,841,400	1,010,696,600	1,037,154,000	1,099,083,200	1,075,506,600	1,133,627,400	1,183,582,302	1,290,883,800	1,324,842,800	1,456,782,929
General obligation bonds payable (3)	121,460,000	115,220,000	164,710,000	164,495,000	154,335,000	161,955,000	242,020,000	228,130,000	289,725,000	311,325,000
Less debt service fund balances available for retirement of bonds (4)	15,257,000	13,246,000	17,179,000	14,645,000	13,057,000	10,197,000	11,534,339	10,939,752	15,899,741	13,886,969
Total amount of bonds payable applicable to debt limit	106,203,000	101,974,000	147,531,000	149,850,000	141,278,000	151,758,000	230,485,661	217,190,248	273,825,259	297,438,031
Margin above bonds payable	850,638,400	908,722,600	889,623,000	949,233,200	934,228,600	981,869,400	953,096,641	1,073,693,552	1,051,017,541	1,159,344,898
General obligation bonds authorized – unissued	83,585,000	83,585,000	11,405,000	700,000	35,700,000	315,700,000	220,000,000	220,000,000	144,915,000	104,915,000
Legal debt margin	$ 767,053,400	825,137,600	878,218,000	948,533,200	898,528,600	666,169,400	733,096,641	853,693,552	906,102,541	1,054,429,898

(1) Section 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur an indebtedness for City purposes not to exceed 10% of assessed valuation.

(2) Section 26(d) and (e) of the state constitution provides that any City may become indebted not exceeding in the aggregate an additional 10% for the purposes of acquiring the right-of-way constructing, extending, and improving streets and avenues and/or waterworks, electric, or light plants, provided the total general obligation indebtedness does not exceed 20% of assessed valuation.

(3) The total general obligation bonds in FY 2008 include $2,670,000 general obligation bonds for sanitary sewers, $63,845,000 general obligation bonds for streetlight projects, $244,275,000 general obligation bonds for capital improvements and $535,000 for neighborhood improvement district projects.

(4) Fund balance of general debt, interest, and streetlight debt excluding encumbrances.

Source: Statistical Section of the Kansas City, Missouri Comprehensive Annual Financial Report for Fiscal Year 2008.

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APPENDIX D

FORM OF BOND COUNSEL OPINION

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APPENDIX D

FORM OF BOND COUNSEL OPINION

July 21, 2009

The City of Kansas City, Missouri
Kansas City, Missouri

First Bank of Missouri, as Trustee
Kansas City, Missouri

Oppenheimer & Co. Inc.,
as representative of the Original Purchasers
Kansas City, Missouri

Re: City of Kansas City, Missouri $53,236,703.55 original principal amount Special Obligation Bonds (Performing Arts Center Garage Project) Series 2009E (Capital Appreciation Bonds)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Kansas City, Missouri (the "Issuer") of the above referenced bonds (the "Bonds"). The Bonds have been authorized and issued under and pursuant to City Charter of the Issuer and a Trust Indenture dated as of July 1, 2009 (the "Indenture"), between the Issuer and First Bank of Missouri, as trustee (the "Trustee"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be used to provide funds (a) to finance certain costs relating to the Project; (b) to fund a debt service reserve fund with respect to the Bonds, and (c) to pay costs related to the issuance of the Bonds.

Reference is made to an opinion of even date herewith of the Assistant City Attorney, with respect to, among other matters, (a) the power of the Issuer to enter into and perform its obligations under the Indenture and the Transaction Documents to which the Issuer is a party, and (b) the due authorization, execution and delivery by the Issuer of the Indenture and the other Transaction Document to which the City is a party and the binding effect and enforceability thereof against the Issuer.

In our capacity as Bond Counsel, we have examined such certified proceedings and other documents as we deem necessary to render this opinion, including a certified transcript of the proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the Indenture, the Transaction Documents and related proceedings, documents and certificates, and also a specimen Bond of the issue so authorized. As to questions of fact material to our opinion we have relied upon representations contained in the Indenture, the Transaction Documents, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture and the other Transaction Documents to which the Issuer is a party.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a constitutional charter city duly and legally organized and validly existing under the laws of the State of Missouri and has lawful power and authority to issue the Bonds and to enter into the Indenture and the other Transaction Documents to which the Issuer is a party and to perform its obligations thereunder.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri.

3. The Bonds are valid and legally binding limited obligations of the Issuer according to the terms thereof, payable as to principal, redemption premium, if any, and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indenture. The Bonds do not constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State Constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof.

4. The Indenture and the other Transaction Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and constitute valid and legally binding agreements enforceable against the Issuer in accordance with the respective provisions thereof.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the other Transaction Documents may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

Very truly yours,

BRYAN CAVE LLP

APPENDIX E

FORM OF SPECIAL TAX COUNSEL OPINION

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APPENDIX E

FORM OF SPECIAL TAX COUNSEL OPINION

July 21, 2009

The City of Kansas City, Missouri
Kansas City, Missouri

First Bank of Missouri, as Trustee
Gladstone, Missouri

Oppenheimer & Co. Inc.,
as representative of the Original Purchasers
Kansas City, Missouri

Re: The City of Kansas City, Missouri Special Obligation Bonds (Performing Arts Center Garage Project) Series 2009E (Capital Appreciation Bonds)

Ladies and Gentlemen:

We have acted as special tax counsel to The City of Kansas City, Missouri (the "*Issuer*"), in connection with the issuance of the above-captioned bonds (the "*Bonds*"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

The Bonds are issued under and pursuant to Ordinance No. 090483 adopted by the City Council on June 18, 2009 and a Trust Indenture dated as of July 1, 2009 (the "*Indenture*"), between the Issuer and First Bank of Missouri, as trustee. Capitalized terms used and not otherwise defined in this opinion have the meanings assigned in the Indenture.

Regarding questions of fact material to our opinion, we have relied on representations of the Issuer and Kauffman Center for the Performing Arts (the "Institution") contained in the Tax Compliance Agreement and certified proceedings and other certifications of the Issuer, the Institution and others furnished to us, without undertaking to verify them by independent investigation.

We have relied on the legal opinion of Bryan Cave LLP, bond counsel, dated the date of this opinion, regarding certain matters, including (a) the status of the Issuer as a constitution charter city duly and legally organized and validly existing under the laws of the State of Missouri with lawful power and authority to issue the Bonds and to enter into the Indenture and the other Transaction Documents to which the Issuer is a party and to perform its obligation thereunder, (b) the proper form and authorization of the Bonds under the Constitution and statutes of the State of Missouri, (c) the validity and legality of the Bonds as limited obligation of the Issuer payable as to principal, redemption premium, if any, and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate and (d) the due authorization, execution and delivery of the Indenture and other Transaction Documents by the Issuer and the binding effect and enforceability of those documents against the Issuer.

We have also relied on the legal opinion of Lathrop & Gage, counsel to the Institution, dated the date of this opinion, regarding certain matters, including (a) the corporate status and due organization of the Institution, (b) the status of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*"), (c) the corporate power of the Institution to enter into and perform its obligations under the Tax Compliance Agreement and (d) the due authorization, execution and delivery of the Tax Compliance Agreement by the Institution and the binding effect and enforceability of those documents against the Institution.

Based on and subject to the foregoing, we are of the opinion, under existing law, as follows:

The interest on the Bonds (consisting solely of original issue discount) is excludable from gross income for federal and Missouri income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Institution comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order to preserve the exclusion of the interest on the Bonds from gross income for federal and Missouri income tax purposes. The Issuer and the Institution have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds.

We express no opinion regarding (a) the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), (b) the perfection or priority of the lien on the Trust Estate pledged under the Indenture, or (c) federal or state tax consequences arising with respect to the Bonds, other than as expressly set forth in this opinion.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

relating to

$53,236,703.55
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
(PERFORMING ARTS CENTER GARAGE PROJECT)
SERIES 2009E
(Capital Appreciation Bonds)

THIS CONTINUING DISCLOSURE UNDERTAKING (this "**Undertaking**") is executed and delivered by the City of Kansas City, Missouri (the "**City**") in connection with the issuance of $53,236,703.55 original principal amount of Special Obligation Bonds (Performing Arts Center Garage Project) Series 2009E (Capital Appreciation Bonds) (the "**Bonds**"). The Bonds are being issued by the City pursuant to the terms of a Trust Indenture, dated as of July 1, 2009 (the "**Indenture**"), between the City and First Bank of Missouri, as trustee (the "**Trustee**").

In order to permit the Underwriter to comply with the provisions of Rule 15c2-12 of the Securities Exchange Commission, as amended, in connection with the public offering of the Bonds, the City, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby covenants and agrees, for the sole and exclusive benefit of holders and Beneficial Owners of the Bonds, as follows:

Section 1. Definitions. Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in the Indenture.

"**Annual Information**" means the information specified in **Section 3** hereof.

"**Beneficial Owner**" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as owner of any Bonds for federal income tax purposes.

"**Bonds**" means the $53,236,703.55 original principal amount of Special Obligation Bonds (Performing Arts Center Garage Project) Series 2009E (Capital Appreciation Bonds) issued pursuant to the Indenture.

"**City**" means the City of Kansas City, Missouri, a constitutional charter city duly organized under the laws of the State of Missouri, and any successor thereto.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosures.

"**Fiscal Year**" means the City's fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the City.

"**GAAP**" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

"**GAAS**" means generally accepted auditing standards as in effect from time to time in the United States.

"**Indenture**" means the Trust Indenture, dated as of July 1, 2009, between the City and First Bank of Missouri, as trustee thereunder, as originally executed or as it may be supplemented or amended from time to time.

"**MSRB**" means the Municipal Securities Rulemaking Board, established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"**Obligated Person**" means the person (including an issuer of separate securities) that is committed by contract or other arrangements structured to support payment of all or part of the obligations under the municipal securities.

"**Official Statement**" means the Official Statement relating to the Bonds dated July 10, 2009.

"**Repository**" means the MSRB via EMMA.

"**Rule 15c2-12**" means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

"**Underwriter**" means Oppenheimer & Co. Inc., as representative of the underwriters of the Bonds.

Section 2. Obligations to Providing Continuing Disclosure.

(a) Obligations of the City.

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide, no later than 270 days after the end of each of its Fiscal Years, commencing with the Fiscal Year ending April 30, 2009, to each Repository the Annual Information relating to such Fiscal Year.

(ii) The City hereby undertakes, for the benefit of holders and Beneficial Owners of the Bonds, to provide, no later than 270 days after the end of each of its Fiscal Years, commencing with the Fiscal Year ending April 30, 2009, audited financial statements of the City to each Repository, provided, however, if audited financial statements are not then available, unaudited financial statement shall be provided no later than 270 days after the end of each of its Fiscal Years and the audited financial statements shall be delivered to each Repository, if and when they become available.

(iii) The Trustee, if other than an officer of the City, shall notify the City of the occurrence of any of the 11 events with respect to the Bonds listed in **Section 2(a)(iv)** hereof, if material, promptly upon becoming aware of the occurrence of any such event.

(iv) The City hereby undertakes, for the benefit of the holders and the Beneficial Owners of the Bonds, to provide each Repository or to the MSRB in a timely manner, notice of any of the following 11 events with respect to the Bonds, if material:

(A) principal and interest payment delinquencies;

(B) non-payment related defaults;

(C) unscheduled draws on debt service reserves reflecting financial difficulties;

(D) unscheduled draws on credit enhancement reflecting financial difficulties;

(E) substitution of credit or liquidity providers, or their failure to perform;

(F) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(G) modifications to the rights of holders of the Bonds;

(H) Bond calls;

(I) defeasance;

(J) release, substitution or sale of property securing repayment of the Bonds; and

(K) rating changes.

(v) The City shall also provide to each Repository or to the MSRB, as promptly as practicable notice of any failure of the City to provide each Repository, the Annual Information required by **Section 2(a)(i)** or **Section 2(a)(ii)** on or before the date specified.

(b) Termination or Modification of Disclosure Obligation. The obligations of the City hereunder may be terminated if the City is no longer an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12, as amended from time to time. Upon any such termination, the City shall provide written notice thereof to each Repository and the MSRB.

(c) Other Information. Nothing herein shall be deemed to prevent the City from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the City should disseminate any such additional information, the City shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

Section 3. Annual Information.

(a) Specified Information. The Annual Information shall consist of (i) financial data of the type included in Appendix B to the Official Statement under the caption "CITY OF KANSAS CITY, MISSOURI ACCOUNTANT'S REPORT AND AUDITED FINANCIAL STATEMENTS," and (ii) the financial and other data of the type included in Appendix C the Official Statement under the caption "INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI."

(b) Incorporation by Reference. All or any portion of the Annual Information of the City may be provided in the Annual Information by specific incorporation by reference to any other documents which have been filed with the Repositories, the Securities Exchange Commission and the MSRB.

(c) Information Categories. The requirements contained in this Undertaking under **Section 3(a)** are intended to set forth a general description of the type of financial information and operating data to be provided by the City and such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of **Section 3(a)** call for information that no longer can be generated or relates to operations that have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Financial Statements. The annual financial statements of the City for each Fiscal Year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if audited financial statements are otherwise available for such Fiscal Year). The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the Repositories, the Securities and Exchange Commission and the MSRB.

Section 5. Remedies. If the City should fail to comply with an provision of this Undertaking, then any holder or Beneficial Owner of the Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of such party hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances and, provided further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with **Sections 2** and **3** hereunder are conditions upon the provisions of the Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default thereunder as though such provisions applied hereunder. Failure of any party to perform its obligations hereunder shall not constitute an Event of Default under the Indenture or any Undertaking executed and delivered in connection with the issuance of the Bonds.

Section 6. Parties in Interest. The provisions of this Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds, the City and the Trustee and shall create no rights in any other person or entity.

Section 7. Amendments.

(a) Without the consent of the holders or Beneficial Owners of the Bonds, the City and the Paying Agent, at any time and from time to time, may together enter into amendments or changes to this Undertaking for any purposes, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth herein, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

(b) Annual Information for any Fiscal Year containing any amended operating data or financial information for such Fiscal Year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Information being provided for such Fiscal Year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent in a timely manner by the City to each Repository or to the MSRB.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premium, if any, and interest on the Bonds shall have been paid in full or the

Bonds shall have otherwise been paid or legally defeased pursuant to the Indenture; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information requirement to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the City shall provide notice of such defeasance to each Repository or to the MSRB, and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. **Notices**. Any notices of communications to the City may be given as follows:

City of Kansas City, Missouri
414 East 12th Street, 1st Floor
Kansas City, Missouri 64106
Attention: City Treasurer
Telephone: (816) 513-1019
Facsimile: (816) 513-1020

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. **Governing Law**. THIS UNDERTAKING SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MISSOURI DETERMINED WITHOUT REGARD TO PRINCIPLES OR CONFLICT OF LAW; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS UNDERTAKING ADDRESSES MATTER OF FEDERAL SECURITIES LAWS, INCLUDING RULE 15c2-12, THIS UNDERTAKING SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

Section 11. **Counterparts**. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Undertaking as of the date written below.

DATED: July ___, 2009.

CITY OF KANSAS CITY, MISSOURI, as the Obligated Person

By:____
Name: Jeffrey A. Yates
Title: Director of Finance /CFO

EXHIBIT A

NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES

For all filings on or after July 1, 2009	via EMMA (www.emma.msrb.org)

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APPENDIX G

TABLE OF ACCRETED VALUES

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Final

Kansas City, Missouri

$53,236,704 Special Obligation Bonds, Series 2009E

(Performing Arts Center Garage Project)

Accreted Value Table

DATE		02/01/2011 @ 3.1006608%	02/01/2012 @ 3.4100043%	02/01/2013 @ 3.9200947%	02/01/2014 @ 4.4500738%	02/01/2015 @ 4.7600201%	02/01/2016 @ 5.0500672%
07/21/2009	-	4,770.40	4,590.40	4,360.05	4,096.60	3,855.10	3,610.60
08/01/2009	-	4,774.48	4,594.71	4,364.75	4,101.61	3,860.14	3,615.61
02/01/2010	-	4,848.50	4,673.05	4,450.31	4,192.87	3,952.01	3,706.90
08/01/2010	-	4,923.67	4,752.73	4,537.53	4,286.17	4,046.07	3,800.50
02/01/2011	-	5,000.00	4,833.76	4,626.47	4,381.54	4,142.37	3,896.47
08/01/2011	-	-	4,916.18	4,717.15	4,479.03	4,240.96	3,994.85
02/01/2012	-	-	5,000.00	4,809.61	4,578.69	4,341.89	4,095.72
08/01/2012	-	-	-	4,903.88	4,680.56	4,445.23	4,199.14
02/01/2013	-	-	-	5,000.00	4,784.71	4,551.03	4,305.17
08/01/2013	-	-	-	-	4,891.17	4,659.34	4,413.88
02/01/2014	-	-	-	-	5,000.00	4,770.23	4,525.33
08/01/2014	-	-	-	-	-	4,883.77	4,639.60
02/01/2015	-	-	-	-	-	5,000.00	4,756.75
08/01/2015	-	-	-	-	-	-	4,876.86
02/01/2016	-	-	-	-	-	-	5,000.00
08/01/2016	-	-	-	-	-	-	-
02/01/2017	-	-	-	-	-	-	-
08/01/2017	-	-	-	-	-	-	-
02/01/2018	-	-	-	-	-	-	-
08/01/2018	-	-	-	-	-	-	-
02/01/2019	-	-	-	-	-	-	-
08/01/2019	-	-	-	-	-	-	-
02/01/2020	-	-	-	-	-	-	-
08/01/2020	-	-	-	-	-	-	-
02/01/2021	-	-	-	-	-	-	-
08/01/2021	-	-	-	-	-	-	-
02/01/2022	-	-	-	-	-	-	-
08/01/2022	-	-	-	-	-	-	-
02/01/2023	-	-	-	-	-	-	-
08/01/2023	-	-	-	-	-	-	-
02/01/2024	-	-	-	-	-	-	-
08/01/2024	-	-	-	-	-	-	-
02/01/2025	-	-	-	-	-	-	-
08/01/2025	-	-	-	-	-	-	-
02/01/2026	-	-	-	-	-	-	-
08/01/2026	-	-	-	-	-	-	-
02/01/2027	-	-	-	-	-	-	-
08/01/2027	-	-	-	-	-	-	-
02/01/2028	-	-	-	-	-	-	-
08/01/2028	-	-	-	-	-	-	-
02/01/2029	-	-	-	-	-	-	-

Final

Kansas City, Missouri

$53,236,704 Special Obligation Bonds, Series 2009E

(Performing Arts Center Garage Project)

Accreted Value Table

DATE	02/01/2017 @ 5.3300402%	02/01/2018 @ 5.5301809%	02/01/2019 @ 5.7000616%	02/01/2020 @ 6.1701205%	02/01/2021 @ 6.2901187%	02/01/2022 @ 6.4000086%	02/01/2023 @ 6.4901645%
07/21/2009	3,365.10	3,140.05	2,926.90	2,637.10	2,448.55	2,271.00	2,107.30
08/01/2009	3,370.02	3,144.81	2,931.47	2,641.56	2,452.77	2,274.98	2,111.04
02/01/2010	3,459.83	3,231.77	3,015.02	2,723.05	2,529.91	2,347.78	2,179.55
08/01/2010	3,552.04	3,321.13	3,100.95	2,807.06	2,609.47	2,422.91	2,250.28
02/01/2011	3,646.70	3,412.96	3,189.33	2,893.66	2,691.54	2,500.44	2,323.30
08/01/2011	3,743.89	3,507.33	3,280.22	2,982.93	2,776.19	2,580.45	2,398.69
02/01/2012	3,843.66	3,604.31	3,373.71	3,074.95	2,863.51	2,663.03	2,476.53
08/01/2012	3,946.09	3,703.98	3,469.86	3,169.82	2,953.57	2,748.24	2,556.90
02/01/2013	4,051.26	3,806.40	3,568.76	3,267.61	3,046.46	2,836.19	2,639.87
08/01/2013	4,159.23	3,911.65	3,670.47	3,368.41	3,142.27	2,926.95	2,725.54
02/01/2014	4,270.07	4,019.81	3,775.08	3,472.33	3,241.10	3,020.61	2,813.98
08/01/2014	4,383.87	4,130.96	3,882.67	3,579.46	3,343.03	3,117.27	2,905.30
02/01/2015	4,500.70	4,245.18	3,993.32	3,689.88	3,448.17	3,217.02	2,999.58
08/01/2015	4,620.64	4,362.57	4,107.14	3,803.72	3,556.62	3,319.97	3,096.92
02/01/2016	4,743.79	4,483.19	4,224.19	3,921.07	3,668.48	3,426.21	3,197.41
08/01/2016	4,870.21	4,607.16	4,344.58	4,042.03	3,783.85	3,535.84	3,301.17
02/01/2017	5,000.00	4,734.55	4,468.40	4,166.73	3,902.86	3,648.99	3,408.30
08/01/2017	-	4,865.47	4,595.75	4,295.28	4,025.60	3,765.76	3,518.90
02/01/2018	-	5,000.00	4,726.73	4,427.79	4,152.21	3,886.26	3,633.09
08/01/2018	-	-	4,861.45	4,564.39	4,282.80	4,010.62	3,750.99
02/01/2019	-	-	5,000.00	4,705.20	4,417.50	4,138.96	3,872.71
08/01/2019	-	-	-	4,850.36	4,556.43	4,271.41	3,998.38
02/01/2020	-	-	-	5,000.00	4,699.73	4,408.10	4,128.13
08/01/2020	-	-	-	-	4,847.54	4,549.16	4,262.10
02/01/2021	-	-	-	-	5,000.00	4,694.73	4,400.40
08/01/2021	-	-	-	-	-	4,844.96	4,543.20
02/01/2022	-	-	-	-	-	5,000.00	4,690.63
08/01/2022	-	-	-	-	-	-	4,842.85
02/01/2023	-	-	-	-	-	-	5,000.00
08/01/2023	-	-	-	-	-	-	-
02/01/2024	-	-	-	-	-	-	-
08/01/2024	-	-	-	-	-	-	-
02/01/2025	-	-	-	-	-	-	-
08/01/2025	-	-	-	-	-	-	-
02/01/2026	-	-	-	-	-	-	-
08/01/2026	-	-	-	-	-	-	-
02/01/2027	-	-	-	-	-	-	-
08/01/2027	-	-	-	-	-	-	-
02/01/2028	-	-	-	-	-	-	-
08/01/2028	-	-	-	-	-	-	-
02/01/2029	-	-	-	-	-	-	-

Final

Kansas City, Missouri

$53,236,704 Special Obligation Bonds, Series 2009E
(Performing Arts Center Garage Project)

Accreted Value Table

Part 3 of 3

DATE	02/01/2024 @ 6.5801311%	02/01/2025 @ 6.6700989%	02/01/2026 @ 6.7301786%	02/01/2027 @ 6.8101743%	02/01/2028 @ 6.9101454%	02/01/2029 @ 6.9801990%
07/21/2009	1,952.05	1,805.10	1,674.30	1,545.95	1,420.15	1,309.45
08/01/2009	1,955.56	1,808.39	1,677.38	1,548.83	1,422.83	1,311.95
02/01/2010	2,019.90	1,868.70	1,733.83	1,601.57	1,471.99	1,357.74
08/01/2010	2,086.36	1,931.03	1,792.17	1,656.10	1,522.85	1,405.12
02/01/2011	2,155.00	1,995.43	1,852.48	1,712.49	1,575.47	1,454.16
08/01/2011	2,225.90	2,061.98	1,914.82	1,770.81	1,629.90	1,504.91
02/01/2012	2,299.14	2,130.74	1,979.25	1,831.10	1,686.21	1,557.44
08/01/2012	2,374.78	2,201.80	2,045.86	1,893.45	1,744.47	1,611.79
02/01/2013	2,452.91	2,275.24	2,114.70	1,957.93	1,804.75	1,668.05
08/01/2013	2,533.61	2,351.12	2,185.86	2,024.60	1,867.10	1,726.26
02/01/2014	2,616.97	2,429.53	2,259.42	2,093.54	1,931.61	1,786.51
08/01/2014	2,703.07	2,510.55	2,335.45	2,164.82	1,998.35	1,848.86
02/01/2015	2,792.00	2,594.28	2,414.04	2,238.54	2,067.39	1,913.39
08/01/2015	2,883.86	2,680.80	2,495.28	2,314.76	2,138.82	1,980.17
02/01/2016	2,978.74	2,770.21	2,579.24	2,393.58	2,212.72	2,049.28
08/01/2016	3,076.75	2,862.60	2,666.04	2,475.08	2,289.17	2,120.80
02/01/2017	3,177.97	2,958.06	2,755.75	2,559.36	2,368.27	2,194.82
08/01/2017	3,282.53	3,056.72	2,848.49	2,646.51	2,450.09	2,271.42
02/01/2018	3,390.53	3,158.66	2,944.34	2,736.63	2,534.74	2,350.70
08/01/2018	3,502.08	3,264.00	3,043.42	2,829.81	2,622.32	2,432.74
02/01/2019	3,617.30	3,372.86	3,145.83	2,926.17	2,712.92	2,517.64
08/01/2019	3,736.31	3,485.35	3,251.69	3,025.81	2,806.66	2,605.51
02/01/2020	3,859.24	3,601.58	3,361.12	3,128.84	2,903.63	2,696.44
08/01/2020	3,986.21	3,721.70	3,474.22	3,235.38	3,003.95	2,790.55
02/01/2021	4,117.36	3,845.82	3,591.13	3,345.55	3,107.74	2,887.95
08/01/2021	4,252.82	3,974.08	3,711.98	3,459.47	3,215.12	2,988.74
02/01/2022	4,392.74	4,106.62	3,836.89	3,577.26	3,326.20	3,093.05
08/01/2022	4,537.27	4,243.57	3,966.00	3,699.07	3,441.12	3,201.00
02/01/2023	4,686.55	4,385.10	4,099.46	3,825.03	3,560.02	3,312.72
08/01/2023	4,840.74	4,531.34	4,237.41	3,955.27	3,683.02	3,428.33
02/01/2024	5,000.00	4,682.47	4,380.00	4,089.96	3,810.27	3,547.99
08/01/2024	-	4,838.63	4,527.39	4,229.22	3,941.92	3,671.81
02/01/2025	-	5,000.00	4,679.75	4,373.23	4,078.11	3,799.96
08/01/2025	-	-	4,837.22	4,522.14	4,219.01	3,932.59
02/01/2026	-	-	5,000.00	4,676.13	4,364.78	4,069.84
08/01/2026	-	-	-	4,835.35	4,515.59	4,211.88
02/01/2027	-	-	-	5,000.00	4,671.61	4,358.88
08/01/2027	-	-	-	-	4,833.02	4,511.01
02/01/2028	-	-	-	-	5,000.00	4,668.45
08/01/2028	-	-	-	-	-	4,831.38
02/01/2029	-	-	-	-	-	5,000.00

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